

1 **ORIGINAL**



2  
3 Date: August 1, 2012

4  
5 To: **Docket Control**  
6 **Arizona Corporation Commission**  
7 **1200 West Washington St.**  
8 **Phoenix, AZ 85007**

9  
10 From: Robert T. Hardcastle  
11 Payson Water Co., Inc.  
12 (661) 633-7526  
13

14 FOR FILING ORIGINAL AND 13 COPIES INTO:

15  
16 **DOCKET NO. W-03514A-12-0007**

17  
18 Smith vs. Payson Water Co.

19  
20  
21  
22  
23 By:

24 Robert T. Hardcastle

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29 Arizona Corporation Commission  
30 **DOCKETED**  
31 AUG 13 2012

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

Robert T. Hardcastle  
Payson Water Co., Inc.  
P.O. Box 82218  
Bakersfield, CA 93380-2218  
*Representing Itself In Propria Persona*

**COMMISSIONERS**

Gary Pierce, Chairman  
Paul Newman, Commissioner  
Brenda Burns, Commissioner  
Bob Stump, Commissioner  
Sandra D. Kennedy, Commissioner

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DOCKET CONTROL

IN THE MATTER OF J. ALAN SMITH	)	Docket No. W-03514A-12-0007
COMPLAINANT	)	
	)	<b>MOTION TO DISMISS A</b>
	)	<b>PORTION OF THE COMPLAINT</b>
VS.	)	
	)	
PAYSON WATER CO., INC.,	)	
RESPONDENT	)	

On June 9, 2011 Complainant Smith filed informal complaint 2011-95692 alleging wrongful disconnection of his water service under a Stage 3 mandatory water curtailment condition.

On December 14, 2011 informal complaint 2011-95692 was closed after the Complainant and Payson Water Co. agreed to a refund of \$200 related to reconnection of his water service. According to Staff, Complainant Smith was "pleased" to learn from Staff of the account adjustment (see Staff Report dated July 30, 2012).

On January 10, 2012 Complainant Smith (hereafter "Complainants") filed a Formal Complaint into Docket No. W-03514A-12-0007 based on previously submitted informal complaint number 2011-99889.

On February 2, 2012 Payson Water Co filed an Answer to the Complaint and a Motion to Dismiss.

1 On February 16, 2012 Complainant filed a Reply to Payson Water Co.'s Answer.

2 On February 23, 2012 a Procedural Order was issued scheduling a procedural  
3 conference for March 9, 2012.

4 On March 9, 2012 a Procedural Conference was conducted with the Parties.

5 On March 29, 2012 Payson Water Co. filed a supplemental Motion to Dismiss.

6 On March 30, 2012 Payson Water Co. filed a Motion to Quash Brooke Utilities,  
7 Inc. as a party to the Complaint.

8 On April 3, 2012 Complainant filed a Response and Objection to Respondent's  
9 Motion to Quash Brooke Utilities, Inc. as a party to the Complaint.

10 On April 3, 2012 Complainant filed a Response and Objection to Respondent's  
11 Motion to Dismiss and Motion to Deny.

12 On April 9, 2012 Payson Water Co. filed a Reply to Complainant's Response to  
13 Payson Water Co.'s Motion to Dismiss and Motion to Deny.

14 On April 9, 2012 Payson Water Co. also filed a Reply by Payson Water Co. to  
15 Complainant's Response and Objection to Respondent's Motion to Quash Brooke  
16 Utilities, Inc. as a Party to the Complaint.

17 On April 13, 2012 Complainant filed a Response and Objection to Respondent's  
18 Reply to Complainant's Response to Respondent's Motion to Dismiss and Deny.

19 On April 20, 2012 the Utilities Division of the Arizona Corporation Commission  
20 ("Staff") filed a Notice of Filing regarding the status of a subpoena issued to Martin's  
21 Trucking.

22 On May 3, 2012 Staff filed a Status of Mediation indicating that a settlement was  
23 not reached by the parties and requested a hearing be scheduled.

24 On June 18, 2012 a Procedural Order was issued which set forth the hearing date  
25 of August 7, 2012 and the compliance dates and deadlines as it relates to this Docket. In  
26 addition, the Procedural Order provided that Payson Water Co. and Staff shall file  
27 responsive rejoinder testimony no later than July 30, 2012 (see Procedural Order at page  
28 2, lines 19-20).

1 On July 18, 2012 Complainant Smith filed a Notice of Complainant's Initial  
2 Discovery and Disclosure.

3 On July 23, 2012 Complainant Smith filed a Notice of Complainant's Second  
4 Discovery and Disclosure.

5 On July 30, 2012 Payson Water Co. timely filed its Rejoinder Testimony.

6 On July 30, 2012 the Utilities Division of the Commission's Staff timely filed its  
7 Staff Response.

8 On July 30, 2012 Payson Water Co. filed its Supplemental Motion to Quash  
9 Brooke Utilities, Inc. as a party to this Complaint.

10 On July 31, 2012 Payson Water Co. filed its Initial Disclosure and Discovery  
11 pleading.

12 On August 1, 2012 Payson Water Co. filed its Supplemental Motion to Dismiss the  
13 Complaint.

14 On August 2, 2012 Payson Water Co. filed its Initial Notice of Disclosure.

15 On August 6, 2012 Payson Water Co. filed its Supplemental Motion to Dismiss the  
16 Complaint.

17 On August 7, 2012 Complainant filed its Motion to Continue Hearing on the  
18 Complaint.

19 On August 7, 2012 a Hearing was conducted where various pending Motions were  
20 heard, argued, and ruled upon. The Administrative Law Judge ruled that Payson Water  
21 Co.'s Motion to Quash Brooke Utilities, Inc. as a Party to the Complaint would be  
22 granted subject to the same conditions granted under Docket No. W-03514A-12-008. The  
23 Administrative Law Judge also denied Payson Water Co.'s Supplemental Motion to  
24 Dismiss. The Administrative Law Judge also granted Complainant's Motion to Continue  
25 Hearing on the Complaint for a period not to exceed 90 days. The Administrative Law  
26 Judge did not issue a dispositive ruling on Complainant's Motion to Compel compliance  
27 with its Subpoena of witness Jim Pearson previously filed in this matter.

28 On August 7, 2012 Complainant filed its Fourth Notice of Discovery and  
29 Disclosure.

1 On August 7, 2012 Complainant filed on behalf of prospective intervenor Tresca  
2 an Application for Intervention and Motion to Intervene into Docket No. W-03514A-12-  
3 0007.

4 On August 7, 2012 Complainant filed its Response and Objection to Respondent's  
5 Motion to Dismiss and Motion to Deny.

6 On August 8, 2012 Complainant filed its Notice of Service of Subpoena dated  
7 August 2, 2012 on Payson Water Co., Inc.

8 On August 9, 2012 Payson Water Co. filed its Objection to acceptance of Dennis  
9 B. Treca as an intervenor.

10 On August 9, 2012 Payson Water Co. filed its Motion to Dismiss a Portion of the  
11 Complaint.

12 On August 16, 2012 Payson Water Co. timely filed its responses to Complainant's  
13 Subpoena dated August 2, 2012.

14 **I. THE INFORMAL COMPLAINT**

15 Complainant Smith originally filed an informal complaint (the "Informal Complaint")  
16 on June 9, 2011(see Exhibit 1). The Informal Complaint required extensive research  
17 including input from Operational staff. The Informal Complaint was answered to the  
18 Arizona Corporation Commission's ("Commission") Consumer Services Department  
19 ("Consumer Services") on June 21, 2011 (see Exhibit 2). Complainant asserted two  
20 issues: (a) improper notice of disconnection of service, and (b) wrongful disconnection of  
21 service.

22 Payson Water Co. ("PYWCo" or the "Company") investigated this matter  
23 thoroughly and included input from operational staff as well. This investigation started as  
24 early as June 17, 2012 and included extensive involvement and interaction of Consumer  
25 Services. Later that year the Company agreed to refund the amount of the curtailment  
26 penalty to the account. According to Staff and the Utilities Director (see Exhibit 3 at page  
27 2, section II) the Complainant was contacted by Consumer Services on December 14,  
28 2011 and advised of the refund to the account, indicating, "He [Complainant] was

1 pleased to hear this". Consumer Services closed the Informal Complaint on December 14,  
2 2011 (see Exhibit 3, page 2, section II, last sentence).

3 The Company has every reasonable expectation to understand that Consumer  
4 Services' closing of the Informal Complaint indicates that no further issues of dispute  
5 remain unresolved and that Complainant is satisfied with the result. On December 13,  
6 2012 an electronic message ("email") exchange occurred between the Company's  
7 Customer Services Center ("CSC"), the undersigned, and Consumer Services which  
8 stated "I will now consider this Complaint closed" (see Exhibit 4, page 1).

## 9 **II. THE FORMAL COMPLAINT**

10 Despite closure of the Informal Complaint on December 14, 2011 the Complainant  
11 filed a Formal Complaint (the "Complaint") on January 9, 2012. The Complaint alleges  
12 the following issues: (A) improper notice of disconnection of service, (B) wrongful  
13 disconnection of service, (C) improper calculation of water bills, and (D) improper  
14 assessment of water augmentation charges (see Exhibit 5). Accordingly, Docket No. W-  
15 03514A-12-0007 was opened for this matter.

16 The Complaint is replete with references and exhibits regarding items A and B  
17 above. The references including, at least the following, (all in Exhibit 5): pages 1-2;  
18 portions of pages 3-4; page 5, Exhibit A, Exhibit B, and Exhibit D.

19 It should be noted the Complaint borrows extensively from arguments made and  
20 documents included in associate Gehring's Complaint under Docket No. W-03514A-12-  
21 0008. Throughout the Smith Docket are pleadings, arguments, citations, and documents  
22 that appear to be developed by former paralegal Gehring on behalf of Smith. When asked  
23 to identify the source of development of Smith's legal pleadings and documents,  
24 Complainant replied, "My sources for assistance in the proceedings are my own business  
25 and not an issue" to be considered. It seems clear to the Company that Gehring remains  
26 interested in a "second bite at the apple" from his extensive involvement in the Smith  
27 Docket.

28 An examination of the Informal Complaint indicates that, despite closure of the  
29 Informal Complaint in December 2011 based on the Company's equitable adjustment of  
Docket No. W-03514A-12-0007

1 landlord Hutchinson's account, Complainant has attempted to resurrect his demands in  
2 the Complaint for a second time. This redundancy should not be allowed. The Company  
3 adjusted the account under the Informal Complaint with the reasonable understanding  
4 that it was not a conditional settlement subject to further consideration in the Complaint.  
5 The Consumer Services staff clearly indicated they had "closed" the Informal Complaint  
6 which exclusively dealt with issues ascribed above.

7 **III. CONCLUSION**

8 The Complainant is attempting to re-litigate in the Complaint an issue already  
9 resolved and settled under the Informal Complaint. To allow the Complainant to seek  
10 recovery and redress a second time in the Complaint is patently unfair and inequitable to  
11 the Company. The Company has a reasonable expectation to believe from the  
12 Commission's Consumer Services staff that if an Informal Complaint is "closed" that it  
13 has been finalized, settled, and will not be litigated further. Complainant's attempt to  
14 litigate this portion of the Complaint estops the Company from asserting any meaningful  
15 defense as it already agreed to a settlement resolution in the Informal Complaint.

16 Accordingly, Payson Water Co. respectfully requests that the Commission and the  
17 Administrative Law Judge dismiss that portion of the Complaint related to (a) improper  
18 notice of disconnection of service, and (b) wrongful disconnection of service while  
19 allowing other allegations made by Complainant in the Complaint to be heard and  
20 addressed at a future hearing.

21  
22 RESPECTFULLY SUBMITTED this 4th day August 2012.

23 Payson Water Co., Inc.

24  
25 By: 

26 Robert T. Hardcastle

27 *In Propria Persona*  
28

29 ORIGINAL and 13 copies filed  
30 this 4th day August 2012, with:  
31

1 **Docket Control**

2 **Arizona Corporation Commission**

3 **1200 West Washington St.**

4 **Phoenix, AZ 85007**

5  
6 And copies mailed to the following:

7  
8 Dwight Nodes, Administrative Law Judge

9 HEARING DIVISION

10 Arizona Corporation Commission

11 1200 West Washington St.

12 Phoenix, AZ 85007

13  
14 J. Alan Smith

15 8166 Barranca

16 Payson, AZ 85541

17  
18 Janice Alward, Chief Counsel

19 Legal Division

20 Arizona Corporation Commission

21 1200 West Washington St.

22 Phoenix, AZ 85007

23  
24 Steve Olea

25 Utilities Division

26 Arizona Corporation Commission

27 1200 West Washington St.

28 Phoenix, AZ 85007

29  
30 Robin Mitchell, Esq.

31 Arizona Corporation Commission

32 1200 West Washington St.

33 Phoenix, AZ 85007

34  
35 By: 

36 Robert T. Hardcastle

37 Payson Water Co., Inc.

38  
39 **END**



# **EXHIBIT 1**

**ARIZONA CORPORATION COMMISSION**  
**UTILITY COMPLAINT FORM**

Investigator: Al Amezcua

Phone: (602) 542-0842

Fax: (602) 542-2129

Priority: Expedite

Complaint No. 2011 - 95692

Date: 6/9/2011

Complaint Description: 06Z Disconnect/Terminations - Other  
N/A Not Applicable

Complaint By: First: Allen Last: Smith

Account Name: Joanna Hutchison

Home: (928) 951-2083

Street: 8166 Barranca Rd

Work: (000) 000-0000

City: Payson

CBR: 336-957-5060

State: AZ Zip: 85541

Is: Home

Utility Company: Payson Water Co., Inc.

Division: Mesa Del Caballo

Contact Name: Bob Hardcastle

Contact Phone: (661) 633-7526

Nature of Complaint:

6/9/11 PLEASE EXPEDITE!

I got a call today from the smith's who currently live at the address mentioned above. They stated that the water was turned off today for a violation of water consumption. They received a Warning Notice according to the water company stating that they had used 130 and needed to reduce it to 97 gals otherwise their service would be disconnected. The notice was not on the door or mailbox, it was in the meter box. When he called today he was told you went over your daily consumption. If you want your water back on you need to pay \$200. He asked for what and was not given an answer.

The account holder the Hutchison's (acct # 6113824899) called right after to report this error and wanted to file a complaint. They would like this matter investigated right away and have their water turned back on ASAP.

Questions for Utility Company

What is their monthly consumption for the last 12 months?

Why would the utility company leave the Warning Notice in the meter box, instead of the door or mailbox?

How is their daily consumption determined?

What is the \$200 for he was asked to pay?

Why wasn't the customer service rep not able to answer their questions?

\*End of Complaint\*

Utilities' Response:

Investigator's Comments and Disposition:

6/9/11 Emailed to utility company for a response.

\*End of Comments\*

ARIZONA CORPORATION COMMISSION

UTILITY COMPLAINT FORM

---

Date Completed:

Complaint No. 2011 - 95692

---

# **EXHIBIT 2**

**Bob Hardcastle**

---

To: Al Amezcua  
Subject: RE: ACC Complaints: Smith, Allen - Complaint No. 95692

**Payson Water Co. RESPONSE TO ACC COMPLAINT NO. 2011-95692**

Date: June 21, 2011  
Complaint No: 2011-95692  
Complaint Date: June 9, 2011  
Complainant: Smith, Allen  
ACC CSR: AA  
Water Company: Payson Water Co.  
Water System: MdC  
Account No: 61138-24899  
Property Location: Mesa L442  
Brooke Call Center: (800) 270-6084

**Response:**

The Company has investigated this complaint thoroughly including the customer records, operational personnel discussion, and examined internal operational policies and procedures related to this Complaint. The Company responds as indicated below:

**Complainant alleges that their water service was improperly disconnected. The Company enforced disconnection of service, after notice, because pursuant to the Curtailment Tariff in ACC Decision 71902 customers qualifying as a high water user under Stage 3 water conservation levels is in violation of the Curtailment Tariff if, after notice, consumption is not reduced to required levels. Complainant has a reoccurring history of being in violation of water conservation stage levels in six of the last seven months. Again in June 2011 Complainant's water consumption was excessive under Stage 3 water conservation conditions. The Complainant was properly noticed on June 7 and advised that its most recent consumption level was 130 gallons when required consumption levels for that measured period was 97 gallons. The Company placed the notice in the location nearest the door. In accordance with the Curtailment Tariff the Complainant was in violation of Stage 3 water conservation levels and is required to pay \$200 as a reconnection penalty for this violation. Complainant paid the reconnection penalty fee and water service was restored on June 14. The unrelated issue of a regular monthly meter reading error by the Company is not relevant to the Complaint.**

Based on the facts, procedures followed by the Company, and the circumstances of the subject Complaint, Company considers its administrative and operational conduct in this matter as appropriate and in accordance with the requirements of Title 14 and other applicable regulations.

Far too many complaints are filed by non-customers wasting time for both ACC staff and the Company. We request that every customer lodging a complaint provide (1) a customer account number for our timely research and reply, and (2) provide a current mailing address and telephone number to ensure that water bills are being delivered to the proper location.

By means of this response the subject customer account notes are being appended accordingly.

Respondent: Robert T. Hardcastle  
[RTH@brookeutilities.com](mailto:RTH@brookeutilities.com)

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## **Payson Water Co. RESPONSE TO ACC COMPLAINT NO. 2011-95692**

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Complaint Date: June 9, 2011  
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Respondent: Robert T. Hardcastle  
[RTH@brookeutilities.com](mailto:RTH@brookeutilities.com)



Company: Brooke Utilities, Inc.  
System: 6/22/2011 9:40:52 AM  
User Date: 6/22/2011

Page: 1  
User ID:MaribelQ

RECORD NOTES REPORT

Note ID:  
24899

Created/Last Modified:  
6/22/2011 9:40:48 AM

MaribelQ 6/17/2011 10:12:49 AM

MESA L442: Customer called to complaint about the fact that the meter reading on 05/16 was higher than the one in 06/07, Miguel emailed David about it, will call customer as soon as i get information

Onarg 6/14/2011 12:12:58 PM

MESA L442: Customer called at the time that the system was down and she ask to wait for the system, she wants to have the water tbo now.

MaribelQ 6/13/2011 2:23:35 PM

MESA L442: Called cust about the message he left, will send him a copy of the last bill

Onarg 6/9/2011 4:35:57 PM

MESA L442: Phillip says that the note was left on the meter box not on the door, he is not happy with the shut down. he wants that the supervisor call him tomorrow.

MaribelQ 6/9/2011 9:16:03 AM

MESA L442: Cust called about disconnection, she said that the note was not on her door so that she didnt know, i told her about the rec fee and she said "Are you kidding me" and hung up the phone on me

lsCSR2 7/13/2010 10:53:53 AM

MESA L442: Tried to contact customer to check the mailing addres, the number (928) 468-6454 is disconnected and the (336) 957-5060 nobody pick up the phone. No answer machine

MaribelQ 6/7/2010 3:04:25 PM

MESA L442: Customer called to request all bills from February sent to her via regular mail

Katies 5/21/2010 12:15:43 PM

MESA L442: Customer MdC Public Notice ret'd by post office as undeliverable--added to ret'd mail list

Katies 4/9/2010 1:28:01 PM

MESA L442: Customer MdC Notice to File Letter ret'd by post office as undeliverable

Company: Brooke Utilities, Inc.  
System: 6/22/2011 9:40:52 AM

Page: 2

RECORD NOTES REPORT

Note ID Created/Last Modified

Katies 11/30/2009 4:03:02 PM  
MESA L442: Customer New Bill Format Letter ret'd by post office  
as undeliverable

DianaQ 10/29/2009 3:15:24 PM  
MESA L442: called customer to verify the address, the line was  
busy

Katies 10/28/2009 11:43:00 AM  
MESA L442: Customer Past Due Notice ret'd by post office as  
undeliverable--added to ret'd mail list

MarciaQ 10/23/2009 9:06:00 AM  
MESA L442: Dispatched Tech for TBO yesterday

DianaQ 10/22/2009 3:18:11 PM  
MESA L442: customer called in with the receipt numeber 083948

MarciaQ 10/22/2009 11:44:57 AM  
MESA L442: Service person confirmed water was turned off and  
meter locked. Applied Rec fee to the acct

MarciaQ 10/22/2009 11:40:04 AM  
MESA L442: Mr. Smith called to verify the mailing address, said  
the Post Office is not sending him the bills, the address is  
correct and he said that his wife went to the APS and paid  
\$82.63

MarciaQ 10/21/2009 11:36:16 AM  
MESA L442: Cust on disconnect list. Must pay previous balance  
of \$61.31 + Recon fee of \$21.32. Total should be \$ 82.63

DianaQ 10/9/2009 12:56:48 PM  
MESA L442: sent past due notice for \$61.31 Due on 10-20-09

Katies 9/18/2009 2:46:27 PM  
MESA L442: Customer Aug stmt ret'd by post office with new  
address given. Changed primary address on account.

Katies 9/17/2009 4:04:06 PM  
MESA L442: Customer Aug stmt ret'd by post office as  
undeliverable--added to ret'd mail list

MarciaQ 7/17/2009 3:39:39 PM  
MESA L442: Mrs. Hutchison called asking when we will t-on the  
service again, explained her the company has 24 hrs to

RECORD NOTES REPORT

Note ID	Created/Last Modified
re-establish the service but since today is friday we will try to do it before 5 pm	
DianaQ 7/17/2009 10:11:31 AM	
MESA L442: customer called in because he paid the full ammount of the pending balance+reconnection fee. I'll send the request so the tech can go over an reconnect the water.	
Katies 7/16/2009 4:18:54 PM	
MESA L442: Dispatched tech to disconnect water service, Customer must pay \$116.08+\$21.32 reconnection fee=\$137.40 to re establish service	
Katies 7/8/2009 12:52:50 PM	
MESA L442: Sent customer delinquency notice. Payment due by 7/15/09	
MurielZ 2/11/2009 1:09:20 PM	
MESA L442: Mrs. Hurchison called to pay \$55.60 conf # 2299753953 and changed billing address to : HC4 BOX 27E, Payson AZ 85541.	
AbigailM 12/9/2008 1:49:04 PM	
MESA L442: Mrs.Hutchison called to make pymet Transaction ID: 2211750528 \$52.25, nice customer	
MarciaQ 10/14/2008 11:00:32 AM	
MESA L442: Mrs. Hutchison called to verify the acct balance, made a payment for \$23.16, Transaction ID: 2024679582	
AbigailM 9/22/2008 1:46:45 PM	
MESA L442: CUST CALLED TO MAKE PYMT Transaction ID: 1996507031 \$ 45.60	
Marcom 5/29/2008 9:38:32 AM	
Billing Inquiry - Due amount	
Paulov 4/3/2008 11:44:04 AM	
NO BILL TILL NOW, APPLIED PA TO AVOID LATE FEES	



# BROOKE UTILITIES, INC.

PO BOX 82218 BAKERSFIELD, CA 93380  
CUSTOMER SERVICE CENTER 800-270-6084  
FAX 800-748-6988

BROOKE WATER, LLC CIRCLE CITY WATER, LLC MONROE WATER CO, INC. PAYSON WATER CO, INC.  
VINE WATER CO, INC. STRAWBERRY WATER CO, INC. TUNTOBAIN WATER CO

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541



## Statement

ACCOUNT INFORMATION	
Account Number:	61138-24899
Statement #:	263661
Bill Date:	03/23/2011
Due Date:	04/07/2011
Service Address: MESA L442	
Zone: 13-MDC	
SPECIAL MESSAGE	
"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.	

METER READINGS	
SERVICE DATES	02/16/2011 - 03/16/2011
METER NUMBER	66247808
CURRENT READ	254,740
PREVIOUS READ	251,780
GALLONS USED	2,960

ACCOUNT ACTIVITY	
Previous Balance	25.01
Late Fee	0.38
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (2960.00 @ 0.00193)	5.71
Gila County & AZ state tax	1.65
Commodity Tax / Usage tax	0.02
Total Amount Due	48.77

Bill Date: March 23, 2011  
Past Due: April 07, 2011  
Disconnection Date: April 17, 2011

### IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

#### AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS

Please include your account number on your check.  
Make check payable to: Brooke Utilities, Inc.

## Payment Coupon

Service Address: MESA L442

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541

Bill is due and payable when rendered and delinquent after the due date.  
For any previous balance that is overdue a delinquent charge is assessed and this location is subject to disconnect.

DETACH AND RETURN THIS REMITTANCE PORTION OF THE BILL WITH YOUR PAYMENT

PAST DUE CHARGES	CURRENT CHARGES	TOTAL DUE	AMOUNT ENCLOSED
25.01	23.76	48.77	
		Check Number	

Account Number: 61138-24899  
Statement #: 263661  
Bill Date: 03/23/2011  
Due Date: 04/07/2011

Please Remit To: Brooke Utilities, Inc.  
PO Box 82218  
Bakersfield, CA 93380-2218





# BROOKE UTILITIES, INC.

PO BOX 82218 BAKERSFIELD, CA 93380  
CUSTOMER SERVICE CENTER 800-270-6084  
FAX 800-748-6981

BAKERSFIELD WATER, INC. ORANGE CITY WATER, INC. NAVAJO WATER CO. INC. PAYSON WATER CO. INC.  
PINE WATER CO. INC. STRAWBERRY WATER CO. INC. TONTO BASIN WATER CO.

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541

|||||

## Statement

### ACCOUNT INFORMATION

Account Number:	61138-24899
Statement #:	268672
Bill Date:	04/22/2011
Due Date:	05/07/2011

Service Address: MESA L442

Zone: 13-MDC

### SPECIAL MESSAGE

"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.

### METER READINGS

SERVICE DATES	03/16/2011 - 04/16/2011
METER NUMBER	66247806
CURRENT READ	259,280
PREVIOUS READ	254,740
GALLONS USED	4,540

### ACCOUNT ACTIVITY

Previous Balance	48.77
Payment - Thank you!	-25.01
Payment - Thank you!	-23.76
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (4000.00 @ 0.00193)	7.72
Commodity Charge (540.00 @ 0.00299)	1.61
Gila County & AZ state tax	1.93
Commodity Tax / Usage tax	0.03
<b>Total Amount Due</b>	<b>27.29</b>

Bill Date: April 22, 2011  
Past Due: May 07, 2011  
Disconnection Date: May 17, 2011

### IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

#### AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS

Please include your account number on your check  
Make check payable to: Brooke Utilities, Inc.

### DETACH AND RETURN THIS REMITTANCE PORTION OF THE BILL WITH YOUR PAYMENT

PAST DUE CHARGES	CURRENT CHARGES	TOTAL DUE	AMOUNT ENCLOSED
0.00	27.29	27.29	
Check Number			

## Payment Coupon

Service Address: MESA L442

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541

Account Number: 61138-24899  
Statement #: 268672  
Bill Date: 04/22/2011  
Due Date: 05/07/2011

Please Remit To: Brooke Utilities, Inc.  
PO Box 82218  
Bakersfield, CA 93380-2218

Bill is due and payable when rendered and delinquent after the due date.  
For any previous balance that is overdue a delinquent charge is assessed and this location is subject to disconnect.





**BROOKE  
UTILITIES, INC.**

PO BOX 82218 BAKERSFIELD, CA 93380  
CUSTOMER SERVICE CENTER 800-270-6084  
FAX 800-748-6081

PRICED WATER, LLC ORANGE CITY WATER, LLC NAYARD WATER CO, INC PAYSON WATER CO, INC  
PINE WATERS CO, INC SPOKANE WATER CO, INC TOWN OF ALBANY WATER CO

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541

|||||

# Statement

ACCOUNT INFORMATION	
Account Number:	61138-24899
Statement #:	273437
Bill Date:	05/20/2011
Due Date:	06/04/2011
Service Address: MESA L442	
Zone: 13-MDC	
SPECIAL MESSAGE	
"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.	

METER READINGS	
SERVICE DATES	04/16/2011 - 05/16/2011
METER NUMBER	66247806
CURRENT READ	267.340
PREVIOUS READ	259.280
GALLONS USED	8.060

Bill Date: May 20, 2011  
Past Due: June 04, 2011  
Disconnection Date: June 14, 2011

ACCOUNT ACTIVITY	
Previous Balance	27.29
Late Fee	0.41
Service Charge 5/8 x 3/4" Meter	7.74
Commodity Charge (1935.48 @ 0.00193)	3.74
Commodity Charge (1964.51 @ 0.00299)	5.87
Service Charge 5/8 x 3/4" Meter	8.26
Commodity Charge (2064.52 @ 0.00193)	3.98
Commodity Charge (2095.49 @ 0.00299)	6.27
Gila County & AZ state tax	2.73
Commodity Tax / Usage tax	0.05
Total Amount Due	66.34

## IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

### AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS REMITTANCE PORTION OF THE BILL WITH YOUR PAYMENT

Please include your account number on your check  
Make check payable to: Brooke Utilities, Inc.

## Payment Coupon

PAST DUE CHARGES	CURRENT CHARGES	TOTAL DUE	AMOUNT ENCLOSED
27.29	39.05	66.34	
		Check Number	

Service Address: MESA L442

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541

Account Number: 61138-24899  
Statement #: 273437  
Bill Date: 05/20/2011  
Due Date: 06/04/2011

Please Remit To: Brooke Utilities, Inc.  
PO Box 82218  
Bakersfield, CA 93360-2218

Bill is due and payable when rendered and delinquent after the due date.  
For any previous balance that is overdue a delinquent charge is assessed and this location is subject to disconnect.





**BROOKE  
UTILITIES, INC.**

PO BOX 82218 BAKERSFIELD, CA 93380  
CUSTOMER SERVICE CENTER 800-270-6084  
FAX 800-748-6981

BROOKE WATER, LLC - ORANGE CITY WATER, LLC - NAKOMA WATER CO, INC. - PAYSON WATER CO, INC.  
PINT WATER CO, INC. - STRAWBERRY WATER CO, INC. - TONOPAH WATER CO

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541

|||||

# Statement

ACCOUNT INFORMATION	
Account Number:	61138-24899
Statement #:	278331
Bill Date:	06/22/2011
Due Date:	07/07/2011
Service Address:	MESA L442
Zone:	13-MDC
SPECIAL MESSAGE	
"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.	

METER READINGS	
SERVICE DATES	05/16/2011 - 06/16/2011
METER NUMBER	66247806
CURRENT READ	264,090
PREVIOUS READ	267,340
GALLONS USED	(3,250)

Bill Date: June 22, 2011  
Past Due: July 07, 2011  
Disconnection Date: July 17, 2011

ACCOUNT ACTIVITY	
Previous Balance	66.34
Payment - Thank you!	-27.29
Payment - Thank you!	-225.10
Mesa del Cab. Reconnection Fee	200.00
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (-3250.00 @ 0.00193)	-6.27
Gila County & AZ state tax	0.74
Commodity Tax / Usage tax	-0.02
Total Amount Due	24.40

## IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

### AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS

Please include your account number on your check  
Make check payable to: Brooke Utilities, Inc.

## Payment Coupon

Service Address: MESA L442

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541

Bill is due and payable when rendered and delinquent after the due date.  
For any previous balance that is overdue a delinquent charge is assessed and this location is subject to disconnect.

### DETACH AND RETURN THIS REMITTANCE PORTION OF THE BILL WITH YOUR PAYMENT

PAST DUE CHARGES	CURRENT CHARGES	TOTAL DUE	AMOUNT ENCLOSED
-186.05	210.45	24.40	
Check Number			

Account Number: 61138-24899  
Statement #: 278331  
Bill Date: 06/22/2011  
Due Date: 07/07/2011

Please Remit To: Brooke Utilities, Inc.  
PO Box 82218  
Bakersfield, CA 93380-2218



System Date: 6/22/2011 9:39:51 AM  
User Date: 6/22/2011

Brooke Utilities, Inc.  
Document History by Location

Page: 0  
User: MaribelQ 1

Location: 61138 Address: MESA 1442  
Customer: 24899 JOANNA HUTCHISON  
Including: Work, Open, History, Voided

Last Bill Date 5/17/2011  
Last Payment Date 6/10/2011

Last Bill Balance \$66.34  
Current Balance \$24.40

Date	Document	Type	Connection	Consumption	Amount	Running Balance
6/22/2011	BILL00000382818	Work REGULA			\$10.45	\$24.40
6/16/2011	READ00000324994	Open METER	1 WATER	(3,250)		
6/10/2011	PYMT00000273555	History PAYMEN			\$225.10	\$11.95
6/8/2011	MISC000006028343	Open MISC C	1 WATER		\$200.00	\$239.05
5/20/2011	BILL00000347681	History REGULA			\$38.64	\$39.05
5/17/2011	PNLT00000049012	History PENALT			\$0.41	\$0.41
5/17/2011	PYMT00000268332	History PAYMEN			\$27.29	\$0.00
5/16/2011	READ00000318752	History METER	1 WATER	8,060		
4/22/2011	BILL00000342363	History REGULA			\$27.29	\$27.29
4/16/2011	READ00000313105	History METER	1 WATER	4,540		
4/15/2011	PYMT00000263608	History PAYMEN			\$27.76	\$0.00
3/23/2011	BILL00000337242	History REGULA			\$23.38	\$23.76
3/18/2011	PYMT00000259608	History PAYMEN			\$25.01	\$0.38
3/17/2011	PNLT00000046652	History PENALT			\$0.39	\$25.39
3/16/2011	READ00000306725	History METER	1 WATER	2,960		
2/23/2011	BILL00000331511	History REGULA			\$25.81	\$25.01
2/16/2011	READ00000301111	History METER	1 WATER	4,080		
2/15/2011	PYMT00000254952	History PAYMEN			\$20.00	(\$0.80)
1/21/2011	BILL00000327051	History REGULA			\$27.19	\$19.20
1/17/2011	READ00000295721	History METER	1 WATER	4,510		
1/14/2011	PYMT00000249613	History PAYMEN			\$40.00	(\$7.99)
12/20/2010	BILL00000321609	History REGULA			\$31.64	\$32.02
12/15/2010	PNLT00000043033	History PENALT			\$0.37	\$0.37
12/15/2010	PYMT00000245180	History PAYMEN			\$24.69	\$0.00
12/13/2010	READ00000290116	History METER	1 WATER	5,890		
11/24/2010	BILL00000317223	History REGULA			\$24.69	\$24.69
11/14/2010	READ00000285113	History METER	1 WATER	3,590		
11/12/2010	PYMT00000240400	History PAYMEN			\$35.19	\$0.00
10/25/2010	BILL00000312371	History REGULA			\$35.19	\$35.19
10/14/2010	READ00000279682	History METER	1 WATER	6,990		
10/12/2010	PYMT00000235788	History PAYMEN			\$30.61	\$0.00
9/25/2010	BILL00000306986	History REGULA			\$30.61	\$30.61
9/15/2010	READ00000274091	History METER	1 WATER	5,570		
9/10/2010	PYMT00000231248	History PAYMEN			\$33.86	\$0.00
8/24/2010	BILL00000301721	History REGULA			\$33.86	\$33.86
8/14/2010	READ00000268432	History METER	1 WATER	6,580		
8/12/2010	PYMT00000226810	History PAYMEN			\$44.27	\$0.00
7/25/2010	BILL00000296169	History REGULA			\$44.27	\$44.27
7/19/2010	PYMT00000222582	History PAYMEN			\$24.93	\$0.00
7/14/2010	READ00000263024	History METER	1 WATER	9,810		
6/25/2010	BILL00000289982	History REGULA			\$24.54	\$24.93
6/14/2010	READ00000256938	History METER	1 WATER	1,520		
6/7/2010	PYMT00000216818	History PAYMEN			\$55.06	\$0.39
5/27/2010	BILL0000034318	History REGULA			\$28.79	\$55.45
5/25/2010	PNLT00000034662	History PENALT			\$0.39	\$26.66
5/21/2010	READ00000250993	History METER	1 WATER	5,090		
4/30/2010	PYMT00000210714	History PAYMEN			\$36.50	\$26.27
4/29/2010	BILL00000278512	History REGULA			\$29.17	\$62.77
4/27/2010	PNLT00000033654	History PENALT			\$0.49	\$33.40
4/22/2010	READ00000245181	History METER	1 WATER	5,270		
3/30/2010	BILL00000273352	History REGULA			\$35.86	\$32.91
3/25/2010	PNLT00000032714	History PENALT			\$0.55	(\$2.98)
3/25/2010	PYMT00000205897	History PAYMEN			\$40.00	(\$3.50)
3/19/2010	READ00000239182	History METER	1 WATER	7,340		
3/1/2010	BILL00000266920	History REGULA			\$36.50	\$36.50
2/18/2010	READ00000233355	History METER	1 WATER	7,500		
2/12/2010	PYMT00000198862	History PAYMEN			\$30.71	\$0.00
1/29/2010	BILL00000260520	History REGULA			\$30.71	\$30.71
1/21/2010	READ00000227642	History METER	1 WATER	5,690		
1/8/2010	PYMT00000192070	History PAYMEN			\$30.71	\$0.00
12/24/2009	BILL00000254556	History REGULA			\$30.71	\$30.71
12/17/2009	READ00000221300	History METER	1 WATER	5,690		
12/4/2009	PYMT00000186930	History PAYMEN			\$51.88	\$0.00
11/19/2009	BILL00000248814	History REGULA			\$26.82	\$61.88
11/17/2009	PNLT00000028812	History PENALT			\$0.19	\$35.06
11/13/2009	READ00000215456	History METER	1 WATER	4,470		
10/22/2009	PYMT00000176655	History PAYMEN			\$82.63	\$34.87
10/22/2009	MISC00000019140	History MISC C	1 WATER		\$21.32	\$117.50
10/19/2009	BILL00000243515	History REGULA			\$33.96	\$96.18
10/15/2009	PNLT00000027669	History PENALT			\$8.91	\$62.22
10/8/2009	READ00000209898	History METER	1 WATER	6,710		
9/18/2009	BILL00000233944	History REGULA			\$26.56	\$61.31
9/16/2009	PNLT00000026010	History PENALT			\$0.51	\$34.75
9/9/2009	READ00000200714	History METER	1 WATER	4,390		
8/19/2009	BILL00000222538	History REGULA			\$28.85	\$34.24
8/14/2009	PNLT00000024267	History PENALT			\$0.08	\$5.39



## Bob Hardcastle

---

**From:** Maribel Quiros  
**Sent:** Wednesday, June 22, 2011 9:46 AM  
**To:** Bob Hardcastle  
**Subject:** FW: MESA L442 - Inconsistency on Meter Read  
**Attachments:** 61138.pdf

This is the account related with that complaint.

Maribel Quiros  
Customer Service Center  
Brooke Utilities



P.O. Box 8227  
Bakerfield, CA 93380  
Customer Service Center 800-270-6084  
Fax 800-748-6961

---

**From:** Bob Hardcastle  
**Sent:** Monday, June 20, 2011 10:06 AM  
**To:** Miguel Porras  
**Cc:** Maribel Quiros; David Allred  
**Subject:** RE: MESA L442 - Inconsistency on Meter Read

**As long as the customer was properly noticed with the warning DA is correct that usage over the allowable limit still relates as a violation of the curtailment tariff. Have we issued a TBO for this customer? What is the operational status? We are dealing with lots of customer complaints already. While we should always be diligent in reading meters there are always occasions, whether it be operations or accounting, where we expect some errors to occur. Our job is to eliminate repetitive errors incurred on a too frequent basis.**

**RTH**

---

**From:** Miguel Porras  
**Sent:** Monday, June 20, 2011 8:52 AM  
**To:** Bob Hardcastle  
**Cc:** Maribel Quiros  
**Subject:** FW: MESA L442 - Inconsistency on Meter Read

Please see email below. There was a meter read error for one account from MdC and because of that error the customer showed up in the non exempt list. Operations monitored this customer and turned them off due to high consumption. This customer called us pointing out the meter read error and arguing about the \$200 penalty. Dave is indicating the penalty stays since the customer had a high consumption. Since very likely this customer will fill out a complaint with the ACC for this, I would like to bring this to your attention and see how do you want to proceed. Please advice.

As far as being shut off for high usage that is separate and they still were above the daily usage allowance.

Time to time we will have someone enter a digit wrong in the PSION device. I am surprised the billing system didn't flag as high usage.

David Allred  
Sent using BlackBerry

**From:** David Allred  
**Sent:** Friday, June 17, 2011 10:38 AM  
**To:** Miguel Porras  
**Cc:** Maribel Quiros; Onar Garcia  
**Subject:** Re: MESA L442 - Inconsistency on Meter Read

Looks like an error was made on meter read somewhere. Will get back to you.

David Allred  
Sent using BlackBerry

**From:** Miguel Porras  
**Sent:** Friday, June 17, 2011 10:11 AM  
**To:** David Allred  
**Cc:** Maribel Quiros; Onar Garcia  
**Subject:** MESA L442 - Inconsistency on Meter Read

Dave, we have a problem with one of the accounts disconnected for high consumption in Mesa. If you see the meter read made on 05/16 that we used to generate the bill, it was 267340. However, the read made in the field in June for monitoring water usage is lower than that 263560, so something doesn't seem to be correct and obviously the customer is complaining about it. Please advice.

Meter Reading Inquiry			
File Edit Tools Help		MiguelP Brooke Utilities, Inc. 6/17/2011	
<input checked="" type="checkbox"/> OK <input type="checkbox"/> Cancel <input type="checkbox"/> Help <input type="checkbox"/> Adjustments			
Document Number: READ00000318752		Bill Number: BILL00000347681	
Location ID	61138	Equipment ID	66247806
Connection	1 WATER	Route ID	04030-0
Meter Group		Sequence Number	5350
Components	0	Meter Multiplier	1.00000
Bill to Customer			
Service Address		MESA L442	
Description			
Reading Type	Actual	<input type="checkbox"/> Work <input type="checkbox"/> Open <input checked="" type="checkbox"/> History	
Reading Date	5/16/2011	Previous Reading Date	4/16/2011
Reading Time	7:54:00 AM	Date Adjusted	

water provided in the Decision is not accomplished.

Today's Date: 6/7/11

Today's Conservation Stage: Stage 3

Disconnection Date: 6/8/11

Service Location: MESA L442, Mesa del Caballo

Meter #: 66247806

Today's Meter Read: 263690

Yesterday's Meter Read: 263560

Daily Use: 130 gallons

Maximum Daily Use: 97 gallons

Required Usage Reduction: 33 gallons

## Bob Hardcastle

---

**From:** Al Amezcua [Aamezcua@azcc.gov]  
**Sent:** Wednesday, June 22, 2011 9:21 AM  
**To:** Bob Hardcastle  
**Subject:** RE: ACC Complaints: Smith, Allen - Complaint No. 95692

Good morning Bob,

Per our phone conversation this morning. I wanted to share with you the Arizona Administrative Code Title 14 Chapter 2, R14-2-411A1-4 *Customer service complaints*.

2. The utility shall respond to the complainant and/or the Commission representative within five working days as to the status of the utility investigation of the complaint.

Thank you,

Alfonso Amezcua  
Public Utilities Consumer Analyst II  
Arizona Corporation Commission  
Utilities Division - Consumer Services  
(602) 542-0842 tel  
(602) 542-2129 fax  
[Aamezcua@azcc.gov](mailto:Aamezcua@azcc.gov)

---

**From:** Al Amezcua  
**Sent:** Friday, June 17, 2011 8:22 AM  
**To:** 'Bob Hardcastle'  
**Subject:** RE: ACC Complaints: Smith, Allen - Complaint No. 95692

Good morning Bob,

I wanted to advise you that this complaint is now past due in receiving the utilities response. Please provide me with a written response as this customer has also filed a complaint with the AZ Governors office and they are awaiting a response from the ACC.

Thank you,

Alfonso Amezcua  
Public Utilities Consumer Analyst II  
Arizona Corporation Commission  
Utilities Division - Consumer Services  
(602) 542-0842 tel  
(602) 542-2129 fax  
[Aamezcua@azcc.gov](mailto:Aamezcua@azcc.gov)

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===== This footnote confirms that this email message has  
been scanned to detect malicious content. If you experience problems, please e-mail [postmaster@azcc.gov](mailto:postmaster@azcc.gov)

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## **Bob Hardcastle**

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**From:** Maribel Quiros  
**Sent:** Wednesday, June 22, 2011 1:26 PM  
**To:** Bob Hardcastle  
**Cc:** David Allred  
**Subject:** RE: MESA L442 - Inconsistency on Meter Read

Customer was reconnected on 06/14 after she paid \$200 for the reconnection fee.

Maribel Quiros  
Customer Service Center  
Brooke Utilities



P.O. Box 8226  
Oakland, CA 94608  
Customer Service Center 800-270-6084  
Fax 800-748-6961

---

**From:** Bob Hardcastle  
**Sent:** Wednesday, June 22, 2011 2:24 PM  
**To:** David Allred; Maribel Quiros  
**Subject:** Re: MESA L442 - Inconsistency on Meter Read

What is the current service status of this customer?

RTH

Sent From My Blackberry Bold

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**From:** David Allred  
**Sent:** Wednesday, June 22, 2011 12:25 PM  
**To:** Bob Hardcastle; Maribel Quiros  
**Subject:** RE: MESA L442 - Inconsistency on Meter Read

I'm not sure what their normal usage is. It is possible that they would not have made the list. But there was also some errors on the last list as MP explained that Cogsdale didn't calculate all high users thus explaining why we only had 22 properties on the list. This property has been on the following high users lists:

12/10 they were #34  
1/11 they were #118  
2/11 they were #97  
4/11 they were #76  
5/11 they were #17

Since we only have time to do top 20 on lists they haven't been monitored until most recently.

David Allred  
Operations Superintendent  
Brooke Water LLC  
Brooke Utilities Inc

Sent From My Blackberry Bold

**From:** David Allred  
**Sent:** Wednesday, June 22, 2011 12:10 PM  
**To:** Bob Hardcastle; Maribel Quiros  
**Subject:** RE: MESA L442 - Inconsistency on Meter Read

We did not disconnect because of meter read error. We disconnect because the daily use was above what was allowed under stage 3. As you can see after being noticed for consumption of 130 gallons/day they increased to 170 gallons/day.

David Allred  
Operations Superintendent  
Brooke Water LLC  
Brooke Utilities Inc

---

**From:** Bob Hardcastle  
**Sent:** Wednesday, June 22, 2011 12:04 PM  
**To:** Maribel Quiros; David Allred  
**Subject:** Re: MESA L442 - Inconsistency on Meter Read

Did we wrongly disconnect the customer because of the mistake

RTH

Sent From My Blackberry Bold

---

**From:** Maribel Quiros  
**Sent:** Wednesday, June 22, 2011 10:01 AM  
**To:** David Allred; Bob Hardcastle  
**Subject:** RE: MESA L442 - Inconsistency on Meter Read

That negative reading is the adjustment for that misread.

Maribel Quiros  
Customer Service Center  
Brooke Utilities



P.O. Box 6228  
Baker, CA 93380  
Customer Service Center 800-270-6084  
Fax 800-748-8981

---

**From:** David Allred  
**Sent:** Wednesday, June 22, 2011 11:00 AM  
**To:** Bob Hardcastle; Maribel Quiros  
**Subject:** RE: MESA L442 - Inconsistency on Meter Read

I went through all of the meter read files from Jan to present. As said below it looks like a mistake with entering one digit wrongly during May reads.

**Cc:** David Allred  
**Subject:** RE: MESA L442 - Inconsistency on Meter Read

**We will have to explain the most recent negative meter reading and any adjustment. If we cited this customer under the Curtailment Tariff and related disconnection fees during a period that we have an adjustment in the form of a negative meter reading, we're going to have a problem.**

**I need as much Call Center and Operational explanation as possible.**

**RTH**

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**From:** Maribel Quiros  
**Sent:** Wednesday, June 22, 2011 9:46 AM  
**To:** Bob Hardcastle  
**Subject:** FW: MESA L442 - Inconsistency on Meter Read

This is the account related with that complaint.

*Maribel Quiros  
Customer Service Center  
Brooke Utilities*



PO. Box 8228  
Bakersfield, CA 93380  
Customer Service Center 800-270-6084  
Fax 800-748-6981

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**From:** Bob Hardcastle  
**Sent:** Monday, June 20, 2011 10:06 AM  
**To:** Miguel Porras  
**Cc:** Maribel Quiros; David Allred  
**Subject:** RE: MESA L442 - Inconsistency on Meter Read

**As long as the customer was properly noticed with the warning DA is correct that usage over the allowable limit still relates as a violation of the curtailment tariff. Have we issued a TBO for this customer? What is the operational status? We are dealing with lots of customer complaints already. While we should always be diligent in reading meters there are always occasions, whether it be operations or accounting, where we expect some errors to occur. Our job is to eliminate repetitive errors incurred on a too frequent basis.**

**RTH**

Thanks,

MP

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**From:** David Allred  
**Sent:** Friday, June 17, 2011 12:59 PM  
**To:** Miguel Porras  
**Cc:** Maribel Quiros; Onar Garcia  
**Subject:** Re: MESA L442 - Inconsistentcy on Meter Read

We have two separate issues her

Yes an error was made in May reads. 267340 probably was supposed to be 262340.

As far as being shut off for high usage that is separate and they still were above the daily usage allowance.

Time to time we will have someone enter a digit wrong in the PSION device. I am surprised the billing system didn't flag as high usage.

David Allred  
Sent using BlackBerry

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**From:** David Allred  
**Sent:** Friday, June 17, 2011 10:38 AM  
**To:** Miguel Porras  
**Cc:** Maribel Quiros; Onar Garcia  
**Subject:** Re: MESA L442 - Inconsistentcy on Meter Read

Looks like an error was made on meter read somewhere. Will get back to you.

David Allred  
Sent using BlackBerry

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**From:** Miguel Porras  
**Sent:** Friday, June 17, 2011 10:11 AM  
**To:** David Allred  
**Cc:** Maribel Quiros; Onar Garcia  
**Subject:** MESA L442 - Inconsistentcy on Meter Read

Dave, we have a problem with one of the accounts disconnected for high consumption in Mesa. If you see the meter read made on 05/16 that we used to generate the bill, it was 267340. However, the read made in the field in June for monitoring water usage is lower than that 263560, so something doesn't seem to be correct and obviously the customer is complaining about it. Please advice.



**Meter Reading Inquiry**

File Edit Tools Help MiguelP. Brocke Utilities, Inc. 6/17/2011

✓ OK HIS Adjustments

Document Number: READ00000318752 Bill Number: BILL00000347681

Location ID: 61138 Equipment ID: 66247806  
 Connection: 1 WATER Route ID: 04030-0  
 Meter Group: Sequence Number: 5,350  
 Components: 0 Meter Multiplier: 1:00000

Bill to Customer:  
 Service Address: MESA L442  
 Description:

Reading Type: Actual ☐ Work ☐ Open ☒ History  
 Reading Date: 5/16/2011 Previous Reading Date: 4/16/2011  
 Reading Time: 7:54:00 AM Date Adjusted:

Readings

Dial	Previous	Current	Difference	KW	KVA
ONE	259,280	267,340	8,060	0	0
	0	0	0	0	0
	0	0	0	0	0

water provided in the Decision is not accomplished.

Today's Date: 6/7/11

Today's Conservation Stage: Stage 3

Disconnection Date: 6/8/11

Service Location: MESA L442, Mesa del Caballo

Meter #: 66247806

Today's Meter Read: 263690

Yesterday's Meter Read: 263560

**Bob Hardcastle**

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**From:** Bob Hardcastle  
**Sent:** Tuesday, December 13, 2011 12:19 PM  
**To:** Maribel Quiros  
**Subject:** RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Very well.

RTH

-----Original Message-----

**From:** Maribel Quiros  
**Sent:** Tuesday, December 13, 2011 12:18 PM  
**To:** Bob Hardcastle  
**Subject:** RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Agreed and understood.

Maribel Quiros  
Customer Service Center  
Brooke Utilities

-----Original Message-----

**From:** Bob Hardcastle  
**Sent:** Tuesday, December 13, 2011 11:22 AM  
**To:** Maribel Quiros  
**Subject:** RE: ACC Complaints: Smith, Alan - Complaint No. 95692

I agree with your conclusion.

When we are right, supported by facts or our honest belief, we will fight to the death to defend ourselves. However, when we make a mistake, cannot prove our position, or cannot make a plausible argument, we are always the first one to admit our mistake and move forward. It happens rarely. But, it does happen. That position gives us credibility with all of the people we do business with, especially, the regulators. Most importantly, it is the right thing to do.

Agreed? Understand?

I want you to reply to AA at ACC advising him we will make an adjustment to customer's account. There is no need to give him much detail except to say that you have thoroughly reviewed this matter, discussed it with me, and the Company has come to this conclusion with apologies to the customer. Copy me on your reply.

RTH

-----Original Message-----

From: Maribel Quiros  
Sent: Tuesday, December 13, 2011 11:16 AM  
To: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

I think that we should avoid all the trouble and reimburse the fee.

Maribel Quirós  
Customer Service Center  
Brooke Utilities

-----Original Message-----

From: Bob Hardcastle  
Sent: Tuesday, December 13, 2011 11:11 AM  
To: Maribel Quiros  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Thus, what is your recommendation?

RTH

-----Original Message-----

From: Maribel Quiros  
Sent: Tuesday, December 13, 2011 11:04 AM  
To: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

No, he wouldn't be in the top 20.

Maribel Quirós  
Customer Service Center  
Brooke Utilities

-----Original Message-----

From: Bob Hardcastle  
Sent: Tuesday, December 13, 2011 11:01 AM  
To: Maribel Quiros  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Question: If customer's meter was correctly read at 4810 gallons would he have been subject to disconnection anyway? If yes, how can you demonstrate that?

RTH

-----Original Message-----

From: Maribel Quiros  
Sent: Tuesday, December 13, 2011 10:59 AM  
To: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Yes it is.

Maribel Quirós  
Customer Service Center  
Brooke Utilities

-----Original Message-----

From: Bob Hardcastle  
Sent: Tuesday, December 13, 2011 10:58 AM  
To: Maribel Quiros  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Let me summarize your position to ensure I understand correctly: This MdC customer's meter was read incorrectly. Under water conservation and augmentation conditions of the subject period, customer was identified as a high water user and properly qualified for disconnection, despite the meter reading error, because his consumption exceeded the water conservation levels established by Decision No. 71902. The disconnection fees were properly applied and are not subject to refund or reimbursement.

Is that accurate?

RTH

-----Original Message-----

From: Maribel Quiros  
Sent: Tuesday, December 13, 2011 10:53 AM  
To: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Yes there was a mistake in the meter reading but customer was using more water than he should, we had 8060 on file and it should have been 4810, but the usage was not supposed to be more than 4000 gallons. I don't think that we have to reimburse the rec fee because we didn't make a mistake when we disconnected the service.

Maribel Quirós

Customer Service Center  
Brooke Utilities

-----Original Message-----

From: Bob Hardcastle  
Sent: Tuesday, December 13, 2011 10:49 AM  
To: Maribel Quiros  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

What response to AA would you suggest?

RTH

-----Original Message-----

From: Maribel Quiros  
Sent: Tuesday, December 13, 2011 10:48 AM  
To: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Seems like he wants us to reimburse the rec fee.. How would you like me to proceed?

Maribel Quirós  
Customer Service Center  
Brooke Utilities

-----Original Message-----

From: Al Amezcua [mailto:Aamezcua@azcc.gov]  
Sent: Tuesday, December 13, 2011 10:47 AM  
To: Maribel Quiros  
Cc: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Good morning Maribel,

Unfortunately I don't know if it was true or not I was not party to the call. I still don't understand if a mistake was made on the meter reading for Mr. Smith, wouldn't be fair to say that the \$200 penalty should not have been billed in the first place and now warrants a refund? How can you state that you didn't make a mistake by disconnecting him? I believe since there was a mistake on his meter reading on the part of Brooke he should get his \$200 refund back. He is to go onto the next step (Mediation) and also willing to file a formal complaint. He is confident with the evidence he has in his possession.

Alfonso Amezcua  
Public Utilities Consumer Analyst II

Arizona Corporation Commission  
Utilities Division - Consumer Services  
(602) 542-0842 tel  
(602) 542-2129 fax  
Aamezcua@azcc.gov

-----Original Message-----

From: Maribel Quiros [mailto:MaribelQ@lightstormsa.com]  
Sent: Wednesday, December 07, 2011 7:29 AM  
To: Al Amezcua  
Cc: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

I understand that he told you that, but that doesn't mean it is true.

We made a mistake on the meter reading, it was supposed to be 4810 and we had 8060 on file, as you can see customer used more than 4000 gallons of water which means we didn't make a mistake when we disconnected the service because he used more than he was supposed to, that's why I never told him that we would reimburse that reconnection fee.

Maribel Quirós  
Customer Service Center  
Brooke Utilities

-----Original Message-----

From: Al Amezcua [mailto:Aamezcua@azcc.gov]  
Sent: Tuesday, December 06, 2011 3:17 PM  
To: Maribel Quiros  
Cc: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Maribel,

Mr. Smith advised Commission staff in person last week of what he claims you told him. That is why I think he did not call you back because he was waiting for you to post the credits. I don't understand your statement "Even if there was an error with the meter reading she used more than 4,000 gallons". Please see the attachments I sent previously and help me understand how is that correct and hold true.

Thank you,

Alfonso Amezcua  
Public Utilities Consumer Analyst II  
Arizona Corporation Commission  
Utilities Division - Consumer Services  
(602) 542-0842 tel  
(602) 542-2129 fax  
Aamezcua@azcc.gov

-----Original Message-----

From: Maribel Quiros [mailto:MaribelQ@lightstormsa.com]  
Sent: Tuesday, December 06, 2011 1:29 PM  
To: Bob Hardcastle; Al Amezcua  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

We never told her that we would reimburse her for that amount, she has been paying the bills and hasn't called about this situation. Even if there was an error with the meter reading she used more than 4000 gallons, which means we were right when we disconnected the service and that she had to pay for that reconnection fee.

Maribel Quirós  
Customer Service Center  
Brooke Utilities

-----Original Message-----

From: Bob Hardcastle  
Sent: Tuesday, December 06, 2011 10:12 AM  
To: 'Al Amezcua'  
Cc: Maribel Quiros  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Thanks for your message, Al. That is very strange. I am reasonably sure that Maribel would not have unilaterally made this adjustment decision without my review - which has not occurred - or being advised accordingly.

Maribel - please advise.

Robert T. Hardcastle | President | Brooke Utilities, Inc.  
P.O. Box 82218  
Bakersfield, CA 93380-2218  
(661) 633-7526 office | (661) 633-7551 fax RTH@Jaco.com

-----Original Message-----

From: Al Amezcua [mailto:Aamezcua@azcc.gov]  
Sent: Tuesday, December 06, 2011 9:57 AM  
To: Bob Hardcastle  
Cc: Maribel Quiros  
Subject: ACC Complaints: Smith, Alan - Complaint No. 95692

Good morning Bob,

Mr Smith was in our office last week to discuss his complaint and to check the status. What he advised me was that three weeks after the ACC informal complaint was filed, he spoke with Maribel. Maribel did confirm that an error did occur on part of Payson Water for Service Address: MESA L442. She was going to reimburse him the \$200 penalty he had paid. Its been now over 5 months and he has not seen these monies credited to his account nor a refund check in the mail.

Here is why:

Look at his Warning Notice of Disconnection dated 6/7/11 Today's meter Read (263,690), Yesterday's Meter Read (263,560)

NEXT:

Look at his bill dated May 20, 2011  
Current read (267,340)  
Previous read (259,280)

FOLLOW BY:

Look at his bill dated June 22, 2011  
Current read (264,090)  
Previous read (267,340)

His bill dated May 20, 2011 shows 4 Commodity Charges Why? The June 22, 2011 bill shows a credit of \$6.27 for Commodity Charge. What is this for?

Because of the information attached and also provided above he was advised by Maribel of the credit of \$200 he had paid. He has not received this credit and is currently seeking it.

FYI: He also asked if this does not get resolved what was his next step? I explained the next step would be a Mediation, follow by a Formal Complaint.

A quick response will be greatly appreciated

Thank you,

Alfonso Amezcua  
Public Utilities Consumer Analyst II  
Arizona Corporation Commission  
Utilities Division - Consumer Services  
(602) 542-0842 tel  
(602) 542-2129 fax  
Aamezcua@azcc.gov

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# **EXHIBIT 3**

# MEMORANDUM

RECEIVED

TO: Docket Control

2012 JUL 30 P 4: 11

FROM: Steven M. Olea.  
Director  
Utilities Division

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL

DATE: July 30, 2012

RE: **STAFF RESPONSE – IN THE MATTER OF THE FORMAL COMPLAINT  
AGAINST PAYSON WATER COMPANY FILED BY ALAN SMITH  
(DOCKET NO. W-03514A-12-0007)**

Pursuant to a procedural order dated June 18, 2012, the Utilities Division of the Arizona Corporation Commission files a Staff Report regarding the complaint of Alan Smith.

## I. INTRODUCTION

Mr. Smith is a customer of Payson Water Company (“Payson” or “Company”) in the Company’s Mesa del Caballo water system. Payson is a class “C” water utility that provides water service north of the town of Payson within unincorporated portions of Gila County, Arizona. On the Company’s December 31, 2011 annual report, it was reported that water service was provided to 1,593 active water service customers, 410 of which are located in the Company’s Mesa del Caballo water system.

Decision No. 71902 approved a water augmentation surcharge as well as a revised curtailment tariff for Payson. The curtailment tariff details varying stages of water shortages, which then triggers a certain conservation response by the Company and its customers within the service area. Once the Company has properly provided notice of Stage 3 conditions (water system’s storage level is less than 70 percent of capacity but more than 50 percent of capacity for at least twenty-four (24) consecutive hours), the failure of a customer to comply with the Curtailment Plan within twenty-four (24) hours of receiving notice of a violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be:

First offense: \$200

Second offense: (see also Reconnection Fees Section) \$350

Third offense: \$750

A copy of the current tariff is attached to this Staff Report.

## **II. COMPLAINT ONE**

On June 9, 2011, Mr. Smith filed an informal complaint (95692) with the Consumer Services Section. His complaint stated that he had been disconnected due to a violation of the curtailment tariff. When he notified the Company he was told he exceeded his daily consumption, and would need to pay \$200 and that he had received a warning notice. Later, he found the notice in his meter box, not on his door or mailbox. He felt he was wrongfully disconnected under Payson's Disconnection Tariff. He paid the \$200 on Friday, June 10, 2011. The service was reinstated on Tuesday, June 14, 2011, at approximately 3:00 pm.

This matter was complicated by the fact that Mr. Smith's service was actually under the landlord's name, Joanna Hutchison. Once Ms. Hutchison authorized Mr. Smith to discuss the account, Staff was able to better handle the issues between the Company and Mr. Smith.

On December 13, 2011 the Company decided to adjust Mr. Smith's account and reimburse the reconnection fee. Staff contacted Mr. Smith on December 14, 2011. He was pleased to hear this. His informal complaint was closed December 14, 2011.

## **III. COMPLAINT TWO**

On December 10, 2011, Mr. Alan Smith filed an informal complaint/inquiry (99889) with the Consumer Services Section. His inquiry was regarding the water augmentation tariff (methodology) and total consumption (Curtailment Stages). Mr. Smith requested an explanation of the methodology and questioned why his simple formula would not be used. Staff explained that the Commission had authorized the methodology and the formula and that Staff had investigated and felt the surcharge was being appropriately calculated. In Docket No. 12-0008, Staff provided a Staff Report and testimony regarding the surcharge and concluded that the surcharge was appropriately calculated.

Mr. Smith later filed a formal complaint with the Commission on January 10, 2012. During the procedural conference held March 9, 2012, the Administrative Law Judge requested that Staff attempt to mediate a settlement between the Company and Mr. Smith. The mediation was unsuccessful.

SMO:CW:red

Originator: Connie Walczak

SERVICE LIST: Payson Water Co., Inc.  
DOCKET NO. W-03514A-12-0007

Arizona Reporting Service, Inc.  
2200 North Central Avenue, Suite 502  
Phoenix, Arizona 85004-1481

Mr. Robert Hardcastle  
Payson Water Co., Inc.  
PO Box 82218  
Bakersfield, California 93380

Mr. J. Allen Smith  
8166 Barranca Road  
Payson, Arizona 85541

Mr. Steven M. Olea  
Director, Utilities Division  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**EXHIBIT A**  
**TARIFF SCHEDULE**

DOCKET NO. W-03514A-10-0116 ET AL.

Utility: Payson Water Company, Inc.  
Docket No. W-03514A-10-0117  
Phone No.: \_\_\_\_\_

Tariff Sheet No.: 1 of 8  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

**CURTAILMENT PLAN FOR: PAYSON WATER CO., INC.**

ADEQ Public Water System: Mesa-Del Caballo (#04-030)

**APPLICABILITY**

Payson Water Company, Inc. (the "Company") is authorized by the Arizona Corporation Commission to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff. As needed, this tariff will be implemented by the Company for customers of the Mesa del Caballo water system ("Water System").

The curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of this tariff.

For the purposes of this curtailment plan the term "Peak Season" shall be defined as the period from May 1 through September 30 annually. The term "Off-Peak Season" shall be defined as all other periods not defined as Peak Season.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

**EXEMPTIONS:** Customers who use 4,000 gallons or less per month based on a twelve (12) month rolling average are exempt from the mandatory reduction in daily use requirements as outlined in Stage 3, Stage 4 and Stage 5 of this Tariff. This is because these customers are already leading a conservative water lifestyle, and mandatory percentage reductions will likely require the loss of use of water essential to health and safety. However, all other restrictions during mandatory conservation periods will still apply.

**STAGES**

**Stage 1 Exists When:**

Water System's storage level is 85% or more of capacity and there are no known problems with production or storage.

DECISION NO. 71902

**TARIFF SCHEDULE**

Utility: Payson Water Company, Inc.  
Docket No. W-03514A-10-0117  
Phone No.: \_\_\_\_\_

Tariff Sheet No.: 2 of 8  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

**Restrictions:** Under Stage 1 conditions the water system is deemed to be operating normally and no curtailment is necessary, except as follows: (a) no outside watering is permitted on Mondays; (b) outside water is permitted on Tuesdays, Thursdays, and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays, Fridays, and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or any form of irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

**Water Augmentation:** Under Stage 1 conditions, no water augmentation is required.

**Notice:** Under Stage 1 conditions, no notice is required.

**Stage 2 Exists When:**

Water System's storage level is less than 85% of capacity but more than 70% of capacity for at least forty-eight (48) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

**Restrictions:** Under Stage 2 conditions **voluntary** conservation measures should be employed by customers to reduce water consumption by at least 20% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Monday's, Thursdays, and Fridays; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

**Water Augmentation:** Under Stage 2 conditions no water augmentation is required.

**Notice:** Under Stage 2 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 2 conditions, and a need to conserve water.

## TARIFF SCHEDULE

Utility: Payson Water Company, Inc.  
Docket No. W-03514A-10-0117  
Phone No.: \_\_\_\_\_

Tariff Sheet No.: 3 of 8  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

**Stage 3 Exists When:**

Water System's storage level is less than 70% of capacity but more than 60% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 3 conditions **mandatory** conservation measures should be employed by customers to reduce water consumption; by at least 30% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, and Fridays.; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 3 conditions the Company shall inform customers of the Water System of the **mandatory** restriction to employ water conservation measures to reduce daily consumption by 30%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 3 conditions, the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 3 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 3 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 2 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 3 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 3 conditions, and a need to conserve water.



**TARIFF SCHEDULE**

Utility: Payson Water Company, Inc.  
 Docket No. W-03514A-10-0117  
 Phone No.: \_\_\_\_\_

Tariff Sheet No.: 4 of 8  
 Decision No.: \_\_\_\_\_  
 Effective: \_\_\_\_\_

**Enforcement:** Once the Company has properly provided notice of Stage 3 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be:

First offense:	\$200
Second offense: (see also Reconnection Fees Section)	\$350
Third offense:	\$750

If a customer believes their water service has been disconnected in error, the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

**Stage 4 Exists When:**

Water System's storage level is less than 60% of capacity but more than 50% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

**Restrictions:** Under Stage 4 conditions **mandatory** conservation measures should be employed by customers to reduce water consumption; by at least 40% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, Fridays, and Sundays; (b) outside watering is permitted on Tuesdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 4 conditions the Company shall inform customers of the Water System's **mandatory** restriction to employ water conservation measures to reduce daily water consumption by 40%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 4 conditions the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 4

**TARIFF SCHEDULE**

Utility: Payson Water Company, Inc.  
 Docket No. W-03514A-10-0117  
 Phone No.: \_\_\_\_\_

Tariff Sheet No.: 5 of 8  
 Decision No.: \_\_\_\_\_  
 Effective: \_\_\_\_\_

conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 4 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 3 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 4 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 4 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 4 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 4 curtailment notice shall be:

First offense:	\$400
Second offense: (see also Reconnection Fees Section)	\$750
Third offense:	\$1,500

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

**Stage 5 Exists When:**

Water System's storage level is less than 50% of capacity for at least twelve (12) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

Restrictions: Under Stage 5 conditions, **mandatory** conservation measures should be employed by customers to reduce water consumption; by at least 50% as measured on a daily use basis. Under Stage 5 conditions no outside watering is permitted. Under Stage 5 conditions the Company shall inform customers of the Water System's **mandatory** restriction to employ water

**TARIFF SCHEDULE**

Utility: Payson Water Company, Inc.  
Docket No. W-03514A-10-0117  
Phone No.: \_\_\_\_\_

Tariff Sheet No.: 6 of 8  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

conservation measures to reduce daily consumption by 50%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 5 conditions the following uses of water are strictly prohibited: (1) all outdoor watering; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 5 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

Water Augmentation: Under Stage 5 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 4 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

Notice: Under Stage 5 conditions, the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 5 conditions, and a need to conserve water.

Enforcement: Once the Company has properly provided notice of Stage 5 conditions, the failure of a customer to comply with this Curtailment Plan within twelve (12) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410(B)(1)(d). The reconnection fee for a violation of a Stage 5 curtailment notice shall be:

First offense:	\$800
Second offense: (see also Reconnection Fees Section)	\$1,500
Third offense:	\$3,000

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

**TARIFF SCHEDULE**

Utility: Payson Water Company, Inc.  
Docket No. W-03514A-10-0117  
Phone No.: \_\_\_\_\_

Tariff Sheet No.: 7 of 8  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

**NOTICE**

If the Company elects to provide customer water conservation-stage notice by use of local sign postings the Company shall post and maintain at least two (2) signs per water system in noticeable locations that include the entrance to major subdivisions indicating the Company is operating under its Curtailment Plan Tariff, beginning with Stage 1. Each signs shall be at least four feet by four feet and color-coded to denote the current stage, as follows:

- Stage 1 - Green
- Stage 2 - Blue
- Stage 3 - Yellow
- Stage 4 - Orange
- Stage 5 - Red

The Company shall notify the Consumer Services Division of the Utilities Division at least;

- Twelve (12) hours prior to entering Stage 2.
- Six (6) hours prior to entering Stage 3.
- Six (6) hours prior to entering Stage 4.
- Four (4) hours prior to entering Stage 5.

**RECONNECTION FEES**

All reconnection fees shall be cumulative for a calendar year regardless of the Stage that an offense occurs. For example, if a customer fails to meet the requirements of a water conservation stage, observe required water conservation measures under a Stage 3 condition, and after receiving notice that a water conservation stage is in effect, the reconnection fee will be \$200. If the same customer in the same calendar year commits an offense under Stage 5 conditions, the reconnection fee shall be \$1,500. By May 15 and October 15 annually, the Company shall provide the Director of the Utilities Division with a list of customers who paid reconnection fees for failure to comply with the mandatory provisions of the Curtailment Plan Tariff.

Any customer who has service disconnected according to this Curtailment Plan Tariff more than once during a calendar year shall have those terminations count against them in the next calendar year for purposes of establishing the reconnection fee, should another disconnection occur.

## TARIFF SCHEDULE

Utility: Payson Water Company, Inc.

Docket No. W-03514A-10-0117

Phone No.: \_\_\_\_\_

Tariff Sheet No.: 8 of 8

Decision No.: \_\_\_\_\_

Effective: \_\_\_\_\_

## WATER CONSUMPTION CALCULATION OF "DAILY USE"

For the purpose of calculating "daily use" under the Restriction section of Stage 2, Stage 3, Stage 4, and Stage 5 water conservation conditions, the following definition shall apply:

Daily use is determined by taking the customer water meter reading today and subtracting from the customer's meter reading yesterday. This daily use amount is multiplied by 30 days to obtain a calculated monthly use. This monthly use is then compared to the higher of; (a) the immediately preceding month's actual water consumption, or (b) water consumption for the same month in any one of the two previous years for the same service location, to determine if the customer reduced his/her water consumption by at least the required Stage's percentage. The water customer should reduce their daily water consumption from the higher monthly water consumption of either (a) or (b).

Example: Customer meter reads 986654 today. Customer meter read 986354 yesterday. The difference in meter reads is 300 gallons for one day or 9000 gallons for 30 days. Customer actual use in the immediately preceding month was 7,000 (a) gallons. Customer's actual use in the same month in any one of the two previous years was 6,000 (b) gallons. Customer is in violation of Stage 3 mandatory water conservation conditions because his/her current "daily use" calculation is greater than his/her higher monthly use of (a) 7,000 gallons. Under Stage 3, the customer is required to reduce consumption by 30% of the 7000 gallons or 2,100 gallons, 7,000 - 2,100 is 4,900. So the customers daily use needs to be about 165 gallons per day.



# **EXHIBIT 4**

## Bob Hardcastle

---

**From:** Al Amezcua <Aamezcua@azcc.gov>  
**Sent:** Tuesday, December 13, 2011 12:33 PM  
**To:** Bob Hardcastle  
**Subject:** RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Yes, that is correct "now"

My apology, I will now consider this complaint closed.

Alfonso Amezcua  
Public Utilities Consumer Analyst II  
Arizona Corporation Commission  
Utilities Division - Consumer Services  
(602) 542-0842 tel  
(602) 542-2129 fax  
Aamezcua@azcc.gov

-----Original Message-----

**From:** Bob Hardcastle [mailto:rth@brookeutilities.com]  
**Sent:** Tuesday, December 13, 2011 1:29 PM  
**To:** Al Amezcua; Maribel Quiros  
**Subject:** RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Confirming you intended "now" for "no" in your reply. Please advise.

Robert T. Hardcastle | President | Brooke Utilities, Inc.  
P.O. Box 82218  
Bakersfield, CA 93380-2218  
(661) 633-7526 office | (661) 633-7551 fax RTH@Jaco.com

-----Original Message-----

**From:** Al Amezcua [mailto:Aamezcua@azcc.gov]  
**Sent:** Tuesday, December 13, 2011 12:25 PM  
**To:** Maribel Quiros  
**Cc:** Bob Hardcastle  
**Subject:** RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Maribel,

I will pass this message on to Mr. Smith. I will no consider this complaint Closed.

Thank you,

Alfonso Amezcua  
Public Utilities Consumer Analyst II



Arizona Corporation Commission  
Utilities Division - Consumer Services  
(602) 542-0842 tel  
(602) 542-2129 fax  
Aamezcua@azcc.gov

-----Original Message-----

From: Maribel Quiros [mailto:MaribelQ@lightstormsa.com]  
Sent: Tuesday, December 13, 2011 1:18 PM  
To: Al Amezcua  
Cc: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Al;

After reviewing the information and speaking with Bob the company decided to adjust to Mr. Smith's account, we will reimburse the reconnection fee.

We apologize for any inconvenience this might have caused to this customer.

Maribel Quirós  
Customer Service Center  
Brooke Utilities

-----Original Message-----

From: Al Amezcua [mailto:Aamezcua@azcc.gov]  
Sent: Tuesday, December 13, 2011 10:47 AM  
To: Maribel Quiros  
Cc: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Good morning Maribel,

Unfortunately I don't know if it was true or not I was not party to the call. I still don't understand if a mistake was made on the meter reading for Mr. Smith, wouldn't be fair to say that the \$200 penalty should not have been billed in the first place and now warrants a refund? How can you state that you didn't make a mistake by disconnecting him? I believe since there was a mistake on his meter reading on the part of Brooke he should get his \$200 refund back. He is to go onto the next step (Mediation) and also willing to file a formal complaint. He is confident with the evidence he has in his possession.

Alfonso Amezcua  
Public Utilities Consumer Analyst II  
Arizona Corporation Commission  
Utilities Division - Consumer Services  
(602) 542-0842 tel  
(602) 542-2129 fax  
Aamezcua@azcc.gov

-----Original Message-----

From: Maribel Quiros [mailto:MaribelQ@lightstormsa.com]  
Sent: Wednesday, December 07, 2011 7:29 AM  
To: Al Amezcua  
Cc: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

I understand that he told you that, but that doesn't mean it is true.

We made a mistake on the meter reading, it was supposed to be 4810 and we had 8060 on file, as you can see customer used more than 4000 gallons of water which means we didn't make a mistake when we disconnected the service because he used more than he was supposed to, that's why I never told him that we would reimburse that reconnection fee.

Maribel Quirós  
Customer Service Center  
Brooke Utilities

-----Original Message-----

From: Al Amezcua [mailto:Aamezcua@azcc.gov]  
Sent: Tuesday, December 06, 2011 3:17 PM  
To: Maribel Quiros  
Cc: Bob Hardcastle  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Maribel,

Mr. Smith advised Commission staff in person last week of what he claims you told him. That is why I think he did not call you back because he was waiting for you to post the credits. I don't understand your statement "Even if there was an error with the meter reading she used more than 4,000 gallons". Please see the attachments I sent previously and help me understand how is that correct and hold true.

Thank you,

Alfonso Amezcua  
Public Utilities Consumer Analyst II  
Arizona Corporation Commission  
Utilities Division - Consumer Services  
(602) 542-0842 tel  
(602) 542-2129 fax  
Aamezcua@azcc.gov

-----Original Message-----

From: Maribel Quiros [mailto:MaribelQ@lightstormsa.com]  
Sent: Tuesday, December 06, 2011 1:29 PM  
To: Bob Hardcastle; Al Amezcua  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

We never told her that we would reimburse her for that amount, she has been paying the bills and hasn't called about this situation. Even if there was an error with the meter reading she used more than 4000 gallons, which means we were right when we disconnected the service and that she had to pay for that reconnection fee.

Maribel Quirós  
Customer Service Center  
Brooke Utilities

-----Original Message-----

From: Bob Hardcastle  
Sent: Tuesday, December 06, 2011 10:12 AM  
To: 'Al Amezcua'  
Cc: Maribel Quiros  
Subject: RE: ACC Complaints: Smith, Alan - Complaint No. 95692

Thanks for your message, Al. That is very strange. I am reasonably sure that Maribel would not have unilaterally made this adjustment decision without my review - which has not occurred - or being advised accordingly.

Maribel - please advise.

Robert T. Hardcastle | President | Brooke Utilities, Inc.  
P.O. Box 82218  
Bakersfield, CA 93380-2218  
(661) 633-7526 office | (661) 633-7551 fax RTH@Jaco.com

-----Original Message-----

From: Al Amezcua [mailto:Aamezcua@azcc.gov]  
Sent: Tuesday, December 06, 2011 9:57 AM  
To: Bob Hardcastle  
Cc: Maribel Quiros  
Subject: ACC Complaints: Smith, Alan - Complaint No. 95692

Good morning Bob,

Mr Smith was in our office last week to discuss his complaint and to check the status. What he advised me was that three weeks after the ACC informal complaint was filed, he spoke with Maribel. Maribel did confirm that an error did occur on part of Payson Water for Service Address: MESA L442. She was going to reimburse him the \$200 penalty he had paid. Its been now over 5 months and he has not seen these monies credited to his account nor a refund check in the mail.

Here is why:

Look at his Warning Notice of Disconnection dated 6/7/11 Today's meter Read (263,690), Yesterday's Meter Read (263,560)

NEXT:

Look at his bill dated May 20, 2011  
Current read (267,340)  
Previous read (259,280)

**FOLLOW BY:**

Look at his bill dated June 22, 2011  
Current read (264,090)  
Previous read (267,340)

His bill dated May 20, 2011 shows 4 Commodity Charges Why? The June 22, 2011 bill shows a credit of \$6.27 for Commodity Charge. What is this for?

Because of the information attached and also provided above he was advised by Maribel of the credit of \$200 he had paid. He has not received this credit and is currently seeking it.

FYI: He also asked if this does not get resolved what was his next step? I explained the next step would be a Mediation, follow by a Formal Complaint.

A quick response will be greatly appreciated

Thank you,

Alfonso Amezcua  
Public Utilities Consumer Analyst II  
Arizona Corporation Commission  
Utilities Division - Consumer Services  
(602) 542-0842 tel  
(602) 542-2129 fax  
Aamezcua@azcc.gov

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# **EXHIBIT 5**

TAB 601

**COMMISSIONERS**  
**GARY PIERCE** – Chairman  
**BOB STUMP**  
**SANDRA D. KENNEDY**  
**PAUL NEWMAN**  
**BRENDA BURNS**



RECEIVED  
JAN 24 2012  
ERNEST G. JOHNSON  
Executive Director

**ARIZONA CORPORATION COMMISSION**

January 10, 2012

Certified Mail No. 7105 4522 6440 0002 8367

Payson Water Co., Inc.  
Attn: Robert Hardcastle  
1011 S. Stover Rd.  
Payson, AZ 85541

RE: Docket No. W-03514A-12-0007

Dear Mr. Hardcastle,

Enclosed is a copy of a Formal Complaint filed with the Arizona Corporation Commission by J. Alan Smith. In keeping with the Arizona Administrative Code (R14-3-106.H), a copy is being forwarded for your action. Please respond within 20 days of the date that you acknowledge the return receipt with an original and thirteen (13) copies with the docket number on the first page of the original and each copy.

Thank you for your immediate attention.

Sincerely,

A handwritten signature in cursive script that reads "Kay Mecca".

Kay Mecca  
Docket Administrator  
Docket Control

Enclosure

cc: Lyn Farmer, Chief Hearing Officer  
Janice Alward, Legal Division  
Docket (2 copies)

## FORMAL COMPLAINT

COMPLAINT J. Alan Smith	COMPLAINT NUMBER 2011-99889	DATE 1/9/2012
ADDRESS 8166 BARLANCA Rd Payson, AZ 85541	PHONE (HOME) 928-1301-8341	
NAME OF RESPONSIBLE PARTY Robert T. Hardcastle	PHONE (WORK) 928-951-2083	
NAME OF UTILITY Payson Water Co / Brooke Utilities	ACCOUNT NUMBER 61138-24899	2012 JAN 10 P 2:41
GROUNDS FOR COMPLAINT: (COMPLETE STATEMENT OF THE GROUNDS FOR COMPLAINT. INDICATING DATE(S) OF COMMISSION/OMISSION OR ACTS OR THINGS COMPLAINED OF.) (USE ADDITIONAL PAGE IF NECESSARY.) See ATTACHED		
W-03514A-12-0007		
NATURE OF RELIEF SOUGHT: (USE ADDITIONAL PAGE IF NECESSARY.) See ATTACHED		
SIGNATURE OF COMPLAINANT OR ATTORNEY J. Alan Smith		



## GROUNDS FOR COMPLAINT

- ✓ Monday June 6<sup>th</sup> Complainant's water meter was read when Stage 2 was posted. (stage 3)
- ✓ Tuesday June 7<sup>th</sup> Complainant's meter was read while in Stage 2 or in stage 3. Tuesday about 3:15pm the water stage sign was changed from stage 2 to stage 3. There is no time indicated on disconnect notice of when the meter readings were taken. Stage 2 is voluntary. Stage 3 is mandatory. (stage 3 → 4)
- ✓ Wednesday June 8<sup>th</sup> Complainant's water was shut off about 9:15 am. The warning notice of disconnection was found in Complainant's meter box about 4:00 pm. There was no other attempts to notify Complainant by phone or in person of disconnect warning notification prior to water being shut off. The warning notice at the bottom asks for cooperation of the customer.

Warning Notice of disconnection ( see exhibit A ) alleges that Complaint failed to observe the water conservation requirements of Decision of 71902 and was required to reduce water use in 24 hours. Stage 2 is a voluntary conservation measure and a 20% in water reduction. Stage 3 is a mandatory conservation measure and a 30% in water reduction. ( see exhibit B ).

- ✓ The warning notice of disconnection gave Complainant a 24 hour period to reduce water by 33 gallons. Disconnect warning notice shows 130gallons was used in a 24 hour period, by taking a meter reading on Monday and Tuesday: per the instruction's of the ACC directions for "calculated daily water use" ( see exhibit C ).

pb  
This would look like Payson Water Company/Brooke Utilities followed ACC guidelines if it were not for the fact ( see exhibit D ) there is no indoor water restriction. The curtailment plan is designed for outside water use. The language by staff in it's original opposition ( decision 71902 ) of the daily use calculation shows that the curtailment plan is applied to outdoor water use. The staff also pointed out that there are conditions where water use could be excessive, beyond the customer's control.

Complainant alleges that Payson Water Company/Brooke Utilities violated the terms and conditions set forth by Decision 71902. The Water Company did this through a fraudulent and deceitful method by just reading meter's and demanding a water reduction for any water used. There is one meter and this does not give accurate information to the Company as to how that water was used. Complainant has not been given any previous notification of high water use.

Complainant notified Al a staff member of the ACC of the disconnection notice. Al told Complainant ( " a renter" ) that the ACC does not take third party complaints. The water bill comes to the address of Complainant and shows Complainant's name on the bill. Complainant also pays the water bill in cash at the APS Office in Payson Arizona. Al also notified the Utility Director who agreed that finding a disconnection notice in meter box, was not a valid notification but the Director was under no legal obligation to speak with Complainant because of the renter status. These statements are all phone conversation's between Complainant and Al of the ACC. ?

Complainant's water augmentation surcharge was excessive and abusive as it charged twice for the same amount of water.

## FACTS IN SUPPORT OF COMPLAINT

June 8<sup>th</sup> Complainant's water was shut off for allegedly violating ACC decision no. 71902 and its curtailment plan. Complainant found the disconnection notice in the meter box. Complainant called Brooke Utilities' 800 number for customer service on June 8<sup>th</sup> late in the afternoon the Office was closed. Complainant's wife called June 9<sup>th</sup> and spoke to a customer service rep and tried to explain we only use water indoors. They said they understood that but we were using too much water and it would cost \$200.00 dollars to have the water turned back on.

Complainant contacted the ACC ( per the water bill instruction's for billing dispute's) that afternoon of the 9<sup>th</sup> and spoke with Al. Complainant told Al they (Brooke Utilities) shut the water off and found the notice of disconnect in the meter box. Complainant told Al they wanted \$200.00 dollars to have the water turned back on. Al asked what for? Complainant told Al that was the reason for the complaint. He asked for the Account information, Complainant told Al it was not in my name as I was a renter. He said they did not take third party Complaints. Complainant told Al the Home Owners had already been contacted

The Homeowners live in North Carolina. The water bill is sent to Complainant here in Payson Arizona and Complainant pay's the water bill in cash at the APS office in Payson Arizona. There is no local office for customer's of Payson Water Company Brooke Utilities in Payson. All billing questions anything to do with water provided by this company is handled By calling the Brooke Utilities 800 number in Costa Rico.

The homeowners spoke with Al and he said it would take 5 day's to review. The homeowners contacted the emergency number for Brooke Utilities late in the Afternoon of the 9<sup>th</sup> and spoke with a water tech who did not have the authority to turn the water back on. The homeowners asked to speak with a supervisor and the water tech said he could not contact a supervisor until the morning of the 10<sup>th</sup>. The homeowners were trying to get the water company to turn the water back on.

The morning of the 10<sup>th</sup> called the homeowners and they had not heard from the water company supervisor. Complainant called in the afternoon and they still had not heard from the water company.

Complainant decided to pay the \$200.00 fine and went to APS about 3:00 pm and paid the fine. When Complainant was there he asked if anyone else was paying fines to the water company. Complainant got a response of 100's just like you unhappy with the water company. The water was not turned on that day. As to this day homeowners have never been contacted by anyone conducting business for Brooke Utilities on this issue.

The water was not turned back on during the weekend. Monday the 13<sup>th</sup> the water was not turned on in the morning. In the Afternoon Complainant went to APS to ask them if they had notified Brooke Utilities of payment. They checked their records and told me that they email payments every morning following the business transaction of the previous day. This means the fine payment I made on Friday would not have been sent until the morning of the 13<sup>th</sup> on a Monday.

Tuesday the 14<sup>th</sup> about noon Complainant called the homeowners and requested they contact the water company as I had been unable to. They called me back within an hour and said they had spoken with a customer service rep in Costa Rico who verified that Complainant had made a payment. Complainant water was turned back on about 3:00pm Tuesday the 14<sup>th</sup>.

✓ Thursday the 16<sup>th</sup> Al from the ACC called. He explained that the ACC had contact with the Water Company June 8<sup>th</sup> and requested they turn the water back on and not impose fines. The water company declined said they were in stage 4. Al said the fine I had paid went to the water company. Al went on to explain that he was having a meeting later on in the day with the Lawyer's of the ACC.

Complainant called the homeowners and asked if Al with the ACC had called them. They said he had called looking for me and they had told them the same thing. I asked if they had heard from the water company and they had not. Also I had received my May water bill as I had requested. It had not come in the mail at its normal time. Complainant discovered that they had shown I had used 8,060 gallons. This was double of my normal use.

### FACTS OF WATER BILLS STATEMENTS

✓ Complainant started a review of water bills ( see exhibit E for April) and noticed that the meter read on April 16<sup>th</sup> was 259280. Complainant compared that to the disconnect notice meter reading taken on June 7<sup>th</sup> of 263690. Complainant did the math  $263690 - 259280 = 4,410$  gallons, April 16<sup>th</sup> to June 7<sup>th</sup> 52 days Complainant had used 4,410 gallons. This shows that Complainant's daily average water use 86 gallons per day prior to notice of disconnect on June 7<sup>th</sup>.

✓ This shows that the meter reading taken 5/16 showing 267340 ( see exhibit F for May ) was in error as the meter reading taken June 7<sup>th</sup> was 263690. Complainant called the water company and told them of this error. Mary was the customer service rep for (Payson Water Company/Brooke Utilities) told me they were sorry and would check the meter. Complainant asked them to refund the \$200.00 fine as the meter reads show there was no violation of decision 71902

✓ The billing statement showing bill date April 22 ( exhibit E ) shows the bill was paid may 17. The next month statement bill date May 20 ( exhibit F Complainant did not receive until the 16 of June ) shows a previous balance of \$27.29 and a late fee of \$0.41, even though the proceeding month was paid prior to the posted bill date of May 20<sup>th</sup>.

✓ Listed on the Account Activity shows two charges billed at 0.00299 one at \$5.87 and one for \$ 6.27 a total costs \$ 12.14 for a total gallons of 4,060. Another 4,000 gallons was charged at a rate of \$0.00193, for a total cost of \$ 7.72. All these charges are for the billing period April 16 thru May 16. The bill should have read the standard charge of \$16.00 plus the rate of \$0.00193 for gallon consumption up to 4,000 gallons.

✓ Complainant already established that 4,410 was used between April 16 and June 7. The meter reading of 267340 would have been closer to 261340. The fact is my wife and I were gone on vacation from the 16 of April to the 23 of April. Complainant's water bill should have been around \$23.00 at the most not \$39.05. When I paid the \$200.00 fine June 10<sup>th</sup> and included \$25.00 for the May bill he had not received.

The bill received in Late June ( see exhibit G) shows a current charge of \$210.45 past due charges - \$186.05 and a total due of \$24.40. In the account activity box shows a credit for 3250 gallons (Commodity Charge) at a rate of \$0.00193 for a total amount of \$ 6.27. This is not a refund for the overcharge of 4,060 gallons at the higher rate of \$0.00299 for the amount of \$12.14. Complainant contacted the Water Company in late June and told them this bill was confusing and would like to have them go over it with him. They refused and said they did not have enough information and it was under review with the ACC.

## SUMMARY

✓ Complainant prior to the above complaint contacted Brooke Utilities in Bakersfield California about problems with having the water shut off and requested they notify homeowners or myself before terminating water service and placing a lock on the service connection because Complainant was a renter and there is no customer service in the local area in the event problems should occur.

As a general rule you call the service center and get a message that says leave a message and they will call back in 3 hours. Because of the time difference and the hours they can be contacted often their offices are closed and you can not contact them in the event there are problems. And often they will not return your calls for day's.

✓ The ACC, "Al" said because Complainant is a renter they do not take third party complaints. The water laws set forth by the ACC specifically R14-2-410 (F) landlord/tenant rule and advance notice required R14-2-410(d)(1)(2)(A1), B(1)(d), C(1)(a), E(1)(2)(4) language clearly shows Complainant's water service can not be shut off without following procedures that includes a direct contact with the renter before disconnecting the water.

✓ Complainant has suffered damages and injuries, financial hardship and forced to pay for billing mistakes, meter read error's, water service termination and reconnection fees, water hauling charges, and a fine which are all mistakes due to the negligent acts of the employees and Company Official's who directly, manage and oversee the operations of this Public Service Utility.

✓ Complainant has contacted the consumer complaint staff official's of the ACC and Commissioner's in response to billing statements, water disconnect, water hauling charges, documentation of water hauling manifest.

✓ The response of the ACC as to the issue of the water disconnections to the community and Complainant in June to turn the water back on and not impose fines was ignored by the Utility Company. This was in direct violation of the State Law; ARS title 40-422, when the commission is of the opinion that a public service corporation is failing or about to fail to do anything of it required by law or an order..... the commission shall bring an action in the superior court in the county in which the claim arose.....

✓ In addition the fraudulent billing charges are in violation of State Law; ARS title 40-36, charges by public service corporations are required to be just and reasonable..... rules and regulations relating to charges or service are required to be just and reasonable.

✓ Complainant reading the local newspaper article relating to water hauling charges, spokeswoman for the commission Rebecca Wilder has commented "Company has done nothing wrong" in imposing water hauling charges. Complainant is of the strong opinion based on Complainant's outstanding issue's with the ACC and the Company there is substantial evidence "The Company" has already violated laws and is held to a lower standard of conduct then the Complainant.

✓ Complainant has not been given any credibility of conduct by Company or ACC when initiating complaints to the Company or the ACC. Complainant claims actions are discriminatory and allege they are violation's of Federal & State Consumer laws and Public Policy.

## APPENDIX B

There has been a lot of controversy of the water augmentation cost charged to the customers of the Mesa Del Caballo system. This was a large part of the ACC decision 71902. This decision gave the water company permission to recover the cost of purchased and hauling water. Complainant contacted the Ombudsman office and spoke with Catherine Marquoit about getting the documents from the ACC showing the cost of hauling water for the Months of May, June and July 2011. This document sent from the ACC ( see exhibit J ) shows that the total costs to purchase and haul water in June 2011 was \$16,763 that figure divided by the Total consumption of water (1,234,320 gallons) by the community equals \$.0136/gal. This conflicts with the decision that the only cost to purchase and haul be recovered as the documented water hauling cost.

Complainant maintains that the wells are producing water while there is water being hauled ( see exhibit B in section grounds for complaint ). There is no water augmentation in Stages 1 and 2 as wells are producing enough water to meet the demands of the community. The company has a water storage capacity of 105,000 gallons. When the wells are producing water and the storage of the 105,000 gallons water is full, this is stage 1. When stage 3 goes into effect then water hauling starts until the storage tank of 105,000 gallon is at full capacity. So why are some wells offline?

Another factor to consider is that water hauling can only continue until storage tanks are full. The tanker hauls 6,000 gallons of water per load.  $6,000 \times 18 = 108,000$  gallons. This means only 18 loads are required to fill storage tanks. Complainant has no way of knowing how company determines when to enter stage 3. However the company is required to notify the consumer services division of the Utilities division ( the ACC )

1. 12 hours prior to entering Stage 2.
2. 6 hours prior to entering Stage 3.
3. 6 hours prior to entering Stage 4.
4. 4 hours prior to entering Stage 4.

See curtailment sheet with stages. This also points to another issue. The community uses as a whole approximately 40,000 gallons a day.  $40,000 \times 31 = 1,240,000$ . during the peak summer months.

Complainant is already being charged for total water use. One rate for 4,000 and the higher rate for 4,000 gallons. With this formula Complainant is being charged again for total gallon use and not for his proportional use of hauled water. The difference being all that water was not hauled water. The wells were putting water into the system in all stages. Therefore to take the entire amount of water 1,234,320 and divide it by the costs to purchase and haul water is charging the community twice for the water used and is not proportional resulting in profit for the Company where no profit is to be made.

However the water company did not haul all of the water used by the Customers. The documentation Complainant received from the Ombudsman office ( from the ACC, Connie Walzak ) does not show the company hauled water every day of the month.

### NATURE OF RELIEF SOUGHT

- ✓ 1. The Court should order a full investigation of the Water Company as to misconduct of reviewing consumer complaint's, relating to all Federal and State consumer fraud laws.
- ✓ 2. The Court order a full investigation into discriminatory acts of the Company that violate laws and orders of the ACC with impunity, while customers suffer economic penalties and disruption of water service for supposed violation of same decision 71902 and suffer again overcharge's for water hauling, while ACC staff maintain the Company did nothing wrong.
- ✓ 3. The Complainant should be fully refunded all money paid out for the wrongful termination and reconnection of water service and for water overcharges on the water augmentation surcharge ( for the continual abuse of billing overcharges to the customer ) and pay back in full plus a 10% per month compounded monthly 120% APR on any unpaid balance for use of Complainant's money for Corporate profits and until full payment has been received.
- ✓ 4. The Court order a full criminal investigation into the customer service center of Brooke Utilities Inc., Corporate practices, all customer service calls and complaint's, billing practices and preparation, Corporate Records for water augmentation and the hauling records of the hauling companies for possible criminal prosecution for consumer fraud.

Respectfully Submitted this 9<sup>th</sup> day of January, 2012

  
J Alan Smith in Propria Persona

### Certificate of Service

A copy of the foregoing has been mailed this 9<sup>th</sup> day January, 2012 to the following;

Docket Control  
Arizona Corporation Commission  
1200 W. Washington St  
Phoenix Arizona, 85007

EXHIBIT "A"

# Mesa del Caballo Water System

Pursuant to the revised Curtailment Tariff approved by the Arizona Corporation Commission Decision No. 71902 dated September 28, 2010 please be advised of this

## WARNING NOTICE OF DISCONNECTION

For failure to observe the water conservation requirements of the Decision. Your water service will be disconnected in approximately 24 hours if water conservation of the required quantity of water provided in the Decision is not accomplished.

Today's Date: 6/7/11  
 Today's Conservation Stage: Stage 3  
 Disconnection Date: 6/8/11  
 Service Location: MESA L442, Mesa del Caballo  
 Meter #: 66247806  
 Today's Meter Read: 263690  
 Yesterday's Meter Read: 263560  
 Daily Use: 130 gallons  
 Maximum Daily Use: 97 gallons  
 Required Usage Reduction: 33 gallons

51 d/m/s

<b>RECEIPT</b>		DATE	6-10-11	NO. 329315
FROM <u>J. H. Hutchison</u>		TO <u>\$225.00</u>		
FOR RENT		DOLLARS		
FOR		611 28-24899		
ACCT.	CASH	FROM		
PAID	CHECK	BY		
DUE	MONEY ORDER	A-2501		
CREDIT CARD		T-46820		

**YOUR COOPERATION IS IMMEDIATELY REQUIRED**

**Avoid Disconnection. Reduce water consumption as required above.**




EXHIBIT "B"

		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO	
Docket No. W-03514A-10-0116 et al.	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

### Stage 3 Exists When:

Water System's storage level is less than 70% of capacity but more than 60% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified-operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

**Restrictions:** Under Stage 3 conditions mandatory conservation measures should be employed by customers to reduce water consumption; by at least 30% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, and Fridays.; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 3 conditions the Company shall inform customers of the Water System of the mandatory restriction to employ water conservation measures to reduce daily consumption by 30%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 3 conditions, the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 3 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

 **Water Augmentation:** Under Stage 3 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 2 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

**Notice:** Under Stage 3 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 3 conditions, and a need to conserve water.

ISSUED:		EFFECTIVE:	
	Month Day Year		Month Day Year
		ISSUED BY: Robert T. Hardcastle	
		3101 State Road	
		Bakersfield, CA 93308	
		Decision No. 71902 (September 28, 2010)	

Payson Water Co., Inc.		Revised	SHEET NO.	
Docket No. W-03514A-10-0116 et al.	Mesa Del Caballo Water System (PWS 04-030)	Revised	SHEET NO	
	(Name of Service Area)			

**Restrictions:** Under Stage 1 conditions the water system is deemed to be operating normally and no curtailment is necessary, except as follows: (a) no outside watering is permitted on Mondays; (b) outside water is permitted on Tuesdays, Thursdays, and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays, Fridays, and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or any form of irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

**Water Augmentation:** Under Stage 1 conditions, no water augmentation is required.

**Notice:** Under Stage 1 conditions, no notice is required.

#### Stage 2 Exists When:

Water System's storage level is less than 85% of capacity but more than 70% of capacity for at least forty-eight (48) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

**Restrictions:** Under Stage 2 conditions voluntary conservation measures should be employed by customers to reduce water consumption by at least 20% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Monday's, Thursdays, and Fridays; (b) outside water is permitted on Tuesdays and Saturdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays and Sundays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m.

**Water Augmentation:** Under Stage 2 conditions no water augmentation is required.

**Notice:** Under Stage 2 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 2 conditions, and a need to conserve water.

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Payson Water Co., Inc.		Revised	SHEET NO.	
Docket No. W-03514A-10-0116 et al.	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

intensive activity. Under Stage 4 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

**Water Augmentation:** Under Stage 4 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 3 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

**Notice:** Under Stage 4 conditions the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 4 conditions, and a need to conserve water.

**Enforcement:** Once the Company has properly provided notice of Stage 4 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 4 curtailment notice shall be:

First offense:	\$400
Second offense: (see also Reconnection Fees Section)	\$750
Third offense:	\$1,500

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

#### Stage 5 Exists When:

Water System's storage level is less than 50% of capacity for at least twelve (12) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

**Restrictions:** Under Stage 5 conditions, mandatory conservation measures should be employed by customers to reduce water consumption; by at least 50% as measured on a daily use basis. Under Stage 5 conditions no outside watering is permitted. Under Stage 5 conditions the Company shall inform customers of the Water System's mandatory restriction to employ water conservation measures to

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		Revised	SHEET NO.	
Payson Water Co., Inc.		Revised	SHEET NO	
Docket No. W-03514A-10-0116 et al.	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

**Enforcement:** Once the Company has properly provided notice of Stage 3 conditions, the failure of a customer to comply with this Curtailment Plan within twenty-four (24) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2-410 (B)(1)(d). The reconnection fee for a violation of a Stage 3 curtailment notice shall be:

First offense:	\$200
Second offense: (see also Reconnection Fees Section)	\$350
Third offense:	\$750

If a customer believes their water service has been disconnected in error, the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

#### Stage 4 Exists When:

Water System's storage level is less than 60% of capacity but more than 50% of capacity for at least twenty-four (24) consecutive hours. Further, the Company has identified operational circumstances such as a steadily declining water table, increasing draw down threatening pump operations, or decreasing well production creating a reasonable belief that the Water System will be unable to meet anticipated sustained water demand.

**Restrictions:** Under Stage 4 conditions mandatory conservation measures should be employed by customers to reduce water consumption; by at least 40% as measured on a daily use basis. Further water use restrictions shall include: (a) no outside watering is permitted on Mondays, Thursdays, Fridays, and Sundays; (b) outside watering is permitted on Tuesdays for customers with street addresses ending with an odd number; (c) outside water is permitted on Wednesdays for customers with street addresses ending with an even number; (d) during the Peak Season outdoor watering using spray or airborne irrigation shall be conducted only during the hours of 8:00 p.m. and 12:00 Midnight, or during the hours of 3:00 a.m. and 7:00 a.m. Under Stage 4 conditions the Company shall inform customers of the Water System's mandatory restriction to employ water conservation measures to reduce daily water consumption by 40%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 4 conditions the following uses of water are strictly prohibited: (1) outdoor irrigation of lawns, trees, shrubs, or any plant life, except as otherwise provided herein; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind, except as otherwise provided herein; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water

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Docket No. W-03514A-10-0116 et al.	Mesa Del Caballo Water System (PWS 04-030)			
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reduce daily consumption by 50%. Failure of customers to comply with this requirement may result in service disconnection as described by this Curtailment Plan. Under Stage 5 conditions the following uses of water are strictly prohibited: (1) all outdoor watering; (2) washing of any vehicle; (3) use of water for dust control or outdoor cleaning uses; (4) use of outdoor drip irrigation or misting systems of any kind; (5) use of water to fill swimming pools, spas, fountain, fish ponds, or ornamental water features; (6) all construction water; (7) restaurant or convenience store patrons shall be served water only on request; and, (8) any other water intensive activity. Under Stage 5 conditions the Water System is prohibited from supplying water to any standpipe and the installation of new water meters and new service lines is prohibited.

**Water Augmentation:** Under Stage 5 conditions the Company will undertake reasonable measures to augment its well production until such time that Stage 4 conditions are achieved for forty-eight (48) consecutive hours. In all cases where the Company employs water augmentation the Water System's Water Augmentation Surcharge shall become applicable.

**Notice:** Under Stage 5 conditions, the Company is required to notify customers by (a) door-to-door delivery of written notices at each service address; or, (b) by changing local water conservation staging signs; or, (c) by means of electronic mail; or, (d) by means of any other reasonable means of notification of customers of the Water System; of the imposition of the Curtailment Tariff, the applicable Curtailment Stage, a general description of conditions leading to Stage 5 conditions, and a need to conserve water.

**Enforcement:** Once the Company has properly provided notice of Stage 5 conditions, the failure of a customer to comply with this Curtailment Plan within twelve (12) hours of receiving notice of its violation of this Curtailment Plan may result in the immediate disconnection of service, without further notice, in accordance with Arizona Administrative Code R14-2- 410(B)(1)(d). The reconnection fee for a violation of a Stage 5 curtailment notice shall be:

First offense:	\$800
Second offense: (see also Reconnect-ion Fees Section)	\$1,500
Third offense:	\$3,000

If a customer believes their water service has been disconnected in error the customer may contact the Commission's Consumer Services Section at (800) 222-7000 to initiate further investigation.

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### NOTICE

If the Company elects to provide customer water conservation-stage notice by use of local sign postings the Company shall post and maintain at least two (2) signs per water system in noticeable locations that include the entrance to major subdivisions indicating the Company is operating under its Curtailment Plan Tariff, beginning with Stage 1. Each signs shall be at least four feet by four feet and color-coded to denote the current stage, as follows:

- Stage 1 — Green
- Stage 2 — Blue
- Stage 3 — Yellow
- Stage 4 — Orange
- Stage 5 — Red

The Company shall notify the Consumer Services Division of the Utilities Division at least;

- Twelve (12) hours prior to entering Stage 2.
- Six (6) hours prior to entering Stage 3.
- Six (6) hours prior to entering Stage 4.
- Four (4) hours prior to entering Stage 5.

### RECONNECTION FEES

All reconnection fees shall be cumulative for a calendar year regardless of the Stage that an offense occurs. For example, if a customer fails to meet the requirements of a water conservation stage, observe required water conservation measures under a Stage 3 condition, and after receiving notice that a water conservation stage is in effect, the reconnection fee will be \$200. If the same customer in the same calendar year commits an offense under Stage 5 conditions, the reconnection fee shall be \$1,500. By May 15 and October 15 annually, the Company shall provide the Director of the Utilities Division with a list of customers who paid reconnection fees for failure to comply with the mandatory provisions of the Curtailment Plan Tariff.

Any customer who has service disconnected according to this Curtailment Plan Tariff more than once during a calendar year shall have those terminations count against them in the next calendar year for purposes of establishing the reconnection fee, should another disconnection occur.

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	(Name of Service Area)			

## **CURTAILMENT PLAN FOR: PAYSON WATER CO., INC.**

ADEQ Public Water System: Mesa Del Caballo (#04-030)

### **APPLICABILITY**

Payson Water Company, Inc. (the "Company") is authorized by the Arizona Corporation Commission to curtail water service to all customers within its certificated area under the terms and conditions listed in this tariff. As needed, this tariff will be implemented by the Company for customers of the Mesa del Caballo water system ("Water System").

The curtailment plan shall become part of the Arizona Department of Environmental Quality Emergency Operations Plan for the Company.

The Company shall notify its customers of this new tariff as part of its next regularly scheduled billing after the effective date of the tariff or no later than sixty (60) days after the effective date of this tariff.

For the purposes of this curtailment plan the term "Peak Season" shall be defined as the period from May 1 through September 30 annually. The term "Off-Peak Season" shall be defined as all other periods not defined as Peak Season.

The Company shall provide a copy of the curtailment tariff to any customer, upon request.

**EXEMPTIONS:** Customers who use 4,000 gallons or less per month based on a twelve (12) month rolling average are exempt from the mandatory reduction in daily use requirements as outlined in Stage 3, Stage 4 and Stage 5 of this Tariff. This is because these customers are already leading a conservative water lifestyle, and mandatory percentage reductions will likely require the loss of use of water essential to health and safety. However, all other restrictions during mandatory conservation periods will still apply.

### **STAGES**

#### **Stage 1 Exists When:**

Water System's storage level is 85% or more of capacity and there are no known problems with production or storage.

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Docket No. W-03514A-10-0116 et al.	Mesa Del Caballo Water System (PWS 04-030)			
	(Name of Service Area)			

### **WATER AUGMENTATION SURCHARGE TARIFF**

In Decision No. 71902 (September 28, 2010), the Arizona Corporation Commission approved an interim water augmentation surcharge tariff to address water shortage issues in conjunction with a revised curtailment tariff. During Stage 3, Stage 4, and Stage 5 of the curtailment plan, the permissible water consumption for each customer is to be calculated as outlined below:

#### **WATER CONSUMPTION CALCULATION OF "DAILY USE"**

For the purpose of calculating "daily use" under the Restriction section of Stage 2, Stage 3, Stage 4, and Stage 5 water conservation conditions, the following definition shall apply:

Daily use is determined by taking the customer water meter reading today and subtracting from the customer's meter reading yesterday. This daily use amount is multiplied by 30 days to obtain a calculated monthly use. This monthly use is then compared to the higher of: (a) the immediately preceding month's actual water consumption; or (b) water consumption for the same month in any one of the two previous years for the same service location, to determine if the customer reduced his/her water consumption by at least the required Stage's percentage. The water customer should reduce their daily water consumption from the higher monthly water consumption of either (a) or (b).

A customer who uses less than 4,000 gallons or less per month is EXEMPT from the mandatory reduction requirements set forth in the Curtailment Tariff.

#### **Water Augmentation Surcharge**

**Applicability** – This interim surcharge shall be in effect between May 1 and September 30 of each year, beginning in 2011, until the conclusion of Payson Water Company's next rate proceeding. It shall only apply to customers served on the Mesa Del Caballo water system.

**Calculation** – Each customer's monthly surcharge shall be calculated based on the company's prior month's water hauling costs, and compared to the customer's water usage during that particular month. The only costs recovered by the company through this interim surcharge will be the cost of water supply and transportation costs; there will be no administrative costs or profit component of this surcharge.

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		Decision No. 71902 (September 28, 2010)	

## DOCKET NO. W-03514A-10-0116 ET AL.

1 requested intervention or requested that the proceeding be reconvened for the taking of additional  
2 evidence. As a result, the record was closed and the matter taken under advisement.

3 53. Under the circumstances, we believe that the Company's application for approval of  
4 an emergency water augmentation surcharge tariff and a revised Curtailment Tariff as set forth in  
5 Exhibit "A" should be approved in order to insure that the Company's customers are able to be  
6 provided with an adequate source of water in the event shortages occur on the system prior to the  
7 Company developing a long-term solution to its water shortage problem. Additionally, we believe  
8 that the Company should be permitted to file a minimal bond in the form of a \$100 cashier's check.

9 54. Because an allowance for the property tax expense of the Company is included in the  
10 Company's rates and will be collected from its customers, the Commission seeks assurances from the  
11 Company that any taxes collected from rate payers have been remitted to the appropriate taxing  
12 authority. It has come to the Commission's attention that a number of Company's have been  
13 unwilling or unable to fulfill their obligation to pay the taxes that were collected from rate payers,  
14 some for as many as 20 years. It is reasonable, therefore, that as a preventive measure the Company  
15 annually file, as part of its Annual Report, an affidavit with the Utilities Division attesting that the  
16 Company is current in paying its property taxes in Arizona.

17 55. Since Mesa Del Caballo is outside of an Active Management Area, it will not be  
18 required to comply with the conservation goals and management practices of the Arizona Department  
19 of Water Resources ("ADWR"). In light of the need to conserve groundwater in Arizona, we believe  
20 it is reasonable to require Mesa Del Caballo to address conservation and submit for Commission  
21 approval within 120 days of the effective date of this Decision, at least five Best Management  
22 Practices ("BMPs") (as outlined in ADWR's Modified Non-Per Capita Conservation Program). The  
23 BMPs shall generally follow the template contained on the Commission's website. A maximum of  
24 two of these BMPs may come from the "Public awareness/PR or Education and Training" categories  
25 of the BMPs. The Company may request cost recovery of actual costs associated with the BMPs  
26 implemented in its next rate case.

EXHIBIT "C"

# MANDATORY MESA DEL CABALLO WATER CONSERVATION DAYS

ACC DECISION NO. 71902

Water Storage  
 Not applicable  
 Less than 85% full  
 Less than 70% full  
 Less than 60% full  
 Less than 50% full

Stage 1 Watering Schedule  
 Stage 2 Watering Schedule  
 Stage 3 Watering Schedule  
 Stage 4 Watering Schedule  
 Stage 5 Watering Schedule

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Even Addresses	No watering	Odd Addresses	Even Addresses	Odd Addresses	Even Addresses	Odd Addresses	Even Addresses
Even Addresses	No watering	Odd Addresses	Even Addresses	Odd Addresses	Even Addresses	Odd Addresses	Even Addresses
Even Addresses	No watering	Odd Addresses	Even Addresses	Odd Addresses	Even Addresses	Odd Addresses	Even Addresses
No watering	No watering	Odd Addresses	Even Addresses	Odd Addresses	Even Addresses	Odd Addresses	Even Addresses
No watering	No watering	No watering	No watering	No watering	No watering	No watering	No watering

May 1 to September 30: Watering ONLY 8 pm to 12 Midnight; and, 3 am to 7 am only days indicated above.

Prohibited Water Usage: Stage 3 through Stage 5

- (a) outdoor water except as shown on schedule above
- (b) washing vehicles of any kind
- (c) dust control or outdoor cleaning
- (d) outdoor drip or misting systems except as shown on schedule above
- (e) filling pools, ponds, all water features
- (f) construction water
- (g) retail customers served water only on request
- (h) ANY other water intensive activity

New meters or service connection prohibited on Stage 3, Stage 4, Stage 5.

Water Augmentation required Stage 3, Stage 4, Stage 5

Immediate disconnection permitted after Notice period expires

Customer Service Center (800) 270-6084

DOCKET NO. W-03514A-10-0116 ET AL.

**TARIFF SCHEDULE**

Utility: Payson Water Company, Inc.  
Docket No. W-03514A-10-0117  
Phone No.: \_\_\_\_\_

Tariff Sheet No.: 8 of 8  
Decision No.: \_\_\_\_\_  
Effective: \_\_\_\_\_

**WATER CONSUMPTION CALCULATION OF "DAILY USE"**

For the purpose of calculating "daily use" under the Restriction section of Stage 2, Stage 3, Stage 4, and Stage 5 water conservation conditions, the following definition shall apply:

Daily use is determined by taking the customer water meter reading today and subtracting from the customer's meter reading yesterday. This daily use amount is multiplied by 30 days to obtain a calculated monthly use. This monthly use is then compared to the higher of: (a) the immediately preceding month's actual water consumption, or (b) water consumption for the same month in any one of the two previous years for the same service location, to determine if the customer reduced his/her water consumption by at least the required Stage's percentage. The water customer should reduce their daily water consumption from the higher monthly water consumption of either (a) or (b).

**Example:** Customer meter reads 986654 today. Customer meter read 986354 yesterday. The difference in meter reads is 300 gallons for one day or 9000 gallons for 30 days. Customer actual use in the immediately preceding month was 7,000 (a) gallons. Customer's actual use in the same month in any one of the two previous years was 6,000 (b) gallons. Customer is in violation of Stage 3 mandatory water conservation conditions because his/her current "daily use" calculation is greater than his/her higher monthly use of (a) 7,000 gallons. Under Stage 3, the customer is required to reduce consumption by 30% of the 7000 gallons or 2,100 gallons, 7,000 - 2,100 is 4,900. So the customers daily use needs to be about 165 gallons per day.

DECISION NO. 71902

EXHIBIT "D"

## DOCKET NO. W-03514A-10-0116 ET AL.

1 surcharge until March 31, 2010, because the Company wished to work with the MDWC and this  
 2 required a number of meetings and discussions in order to come up with a plan upon which the  
 3 parties agreed.

4 25. According to Mr. Hardcastle, MDWC was actively involved in the preparation, review  
 5 and drafting of the Company's proposed revisions to its Curtailment Tariff.

6 26. Although the Company had proposed changes to the original Curtailment Tariff  
 7 approved in Decision No. 67821 which were more stringent than those originally approved by the  
 8 Commission, after meeting and working with Staff and MDWC after the hearing on June 2, 2010, the  
 9 Company filed a late-filed exhibit which contains revisions to its proposed Curtailment Tariff for its  
 10 MDC System, and which addresses the concerns raised by Staff in its report and discussed during the  
 11 hearing. A copy of the amended Curtailment Tariff is marked Exhibit "A," attached hereto, and  
 12 incorporated herein by reference.

13 27. The amended Curtailment Tariff for the MDC System that was filed by the Company  
 14 incorporates modifications and addresses the parties' concerns as follows:

- 15 • Customers who use 4,000 gallons per month or less based on a 12-month  
 16 rolling average are exempt from the mandatory reduction in daily use  
 17 requirements triggered in Stages 3, 4 or 5 of any curtailment. The purpose of  
 18 this exemption is that customers using 4,000 gallons per month or less are  
 more likely to have already utilized water conservation measures, and a further  
 reduction in water use is likely to impact basic water needs.

19 Specific prohibitions against indoor water use have been eliminated. This  
 20 addresses Staff's concerns about mandatory reductions in basic water use  
 21 needs for the continued health and safety of customers. \*

22 The requirement that a customer must face automatic fines and penalties for  
 23 violation of the Curtailment Tariff has been changed to provide the Company  
 24 flexibility in determining whether such fines and penalties are warranted. This  
 25 addresses Staff's concerns that a violation of the Curtailment Tariff might be  
 26 the result of a water leak, or something else beyond the customer's control,  
 27 making an automatic assessment of fines and penalties unwarranted in certain  
 28 circumstances.

29 The definition of 'daily use' has been modified. Under the newly proposed  
 30 language, percentage reductions (based on the applicable Stage) are taken from  
 31 the higher of: (a) the immediately preceding month's actual water  
 32 consumption, or (b) water consumption for the same month in any one of the  
 33 two previous years for the same service location. This language was inserted to  
 34 address Staff's concern over the possible confusion a customer might have  
 35 over the 'daily use' calculation, as well as the potential inequity if applied to  
 36 seasonal use customers. The example provided has also been clarified.

7  
 DECISION NO. 71902

EXHIBIT "E"





**BROOKE  
UTILITIES, INC.**

P.O. BOX 82218 BAKERSFIELD, CA 93380  
CUSTOMER SERVICE CENTER 800-270-6084  
FAX 800-748-6981

BROOKE WATER, LLC CIRCLE CITY WATER, LLC NAVAJO WATER CO. INC. PAYSON WATER CO. INC.  
PINE WATER CO. INC. STRAWBERRY WATER CO. INC. TONTO BASIN WATER CO.

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541



# Statement

## ACCOUNT INFORMATION

Account Number:	61138-24899
Statement #:	268672
Bill Date:	04/22/2011
Due Date:	05/07/2011

Service Address: MESA L442

Zone: 13-MDC

## SPECIAL MESSAGE

"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.

## METER READINGS

SERVICE DATES	03/16/2011 - 04/16/2011
METER NUMBER	66247806
CURRENT READ	259,280
PREVIOUS READ	254,740
GALLONS USED	4,540

Bill Date: April 22, 2011  
Past Due: May 07, 2011  
Disconnection Date: May 17, 2011

## ACCOUNT ACTIVITY

Previous Balance	48.77
Payment - Thank you!	-25.01
Payment - Thank you!	-23.76
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (4000.00 @ 0.00193)	7.72
Commodity Charge (540.00 @ 0.00299)	1.61
Gila County & AZ state tax	1.93
Commodity Tax / Usage tax	0.03
Total Amount Due	27.29

**PAID**

MAY 17 2011

**BROOKE UTILITIES**

## IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

### AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS

EXHIBIT "F"



**BROOKE  
UTILITIES, INC.**

PO BOX 82218 BAKERSFIELD, CA 93380  
CUSTOMER SERVICE CENTER 800-270-6084  
FAX 800-748-6981

IRRAWADDI WATER, LLC CRUTCHFIELD CITY WATER, LLC NAVAJO WATER CO. INC. PAYSON WATER CO. INC.  
PIMA WATER CO. INC. STRAWBERRY WATER CO. INC. TONTO BASIN WATER CO.

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541



# Statement

ACCOUNT INFORMATION	
Account Number:	61138-24899
Statement #:	273437
Bill Date:	05/20/2011
Due Date:	06/04/2011
Service Address: MESA L442	
Zone: 13-MDC	
SPECIAL MESSAGE	
"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.	

METER READINGS	
SERVICE DATES	04/16/2011 - 05/16/2011
METER NUMBER	66247806
CURRENT READ	267,340
PREVIOUS READ	259,280
GALLONS USED	8,060

Bill Date: May 20, 2011  
Past Due: June 04, 2011  
Disconnection Date: June 14, 2011

ACCOUNT ACTIVITY	
Previous Balance	27.29
Late Fee	0.41
Service Charge 5/8 x 3/4" Meter	7.74
Commodity Charge (1935.48 @ 0.00193)	3.74
Commodity Charge (1964.51 @ 0.00299)	5.87
Service Charge 5/8 x 3/4" Meter	8.26
Commodity Charge (2064.52 @ 0.00193)	3.98
Commodity Charge (2095.49 @ 0.00299)	6.27
Gila County & AZ state tax	2.73
Commodity Tax / Usage tax	0.05
Total Amount Due	66.34

## IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

### AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

Please include your account number on your check  
Make check payable to: Brooke Utilities, Inc.

## Payment Coupon

Service Address: MESA L442

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541

KEEP THIS PORTION FOR YOUR RECORD

DETACH AND RETURN THIS REMITTANCE PORTION OF THE BILL WITH YOUR PAYMENT			
PAST DUE CHARGES	CURRENT CHARGES	TOTAL DUE	AMOUNT ENCLOSED
27.29	39.05	66.34	
		Check Number	

Account Number: 61138-24899  
Statement #: 273437  
Bill Date: 05/20/2011  
Due Date: 06/04/2011

Please Remit To:

Brooke Utilities, Inc.  
PO Box 82218  
Bakersfield, CA 93380-2218

Bill is due and payable when rendered and delinquent after the due date.  
For any previous balance that is overdue a delinquent charge is assessed and this location is subject to disconnect.

EXHIBIT "G"



# BROOKE UTILITIES, INC.

P.O. BOX 82218 BAKERSFIELD, CA 93380  
CUSTOMER SERVICE CENTER 800-270-6084  
FAX 800-748-6981

BROOKE WATER, LLC CIRCLE CITY WATER, LLC NAVAJO WATER CO. INC. PAYSON WATER CO. INC.  
PINE WATER CO. INC. STRAWBERRY WATER CO. INC. TONTO BASIN WATER CO.

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541



## Statement

### ACCOUNT INFORMATION

Account Number:	61138-24899
Statement #:	278331
Bill Date:	06/22/2011
Due Date:	07/07/2011

Service Address: MESA L442

Zone: 13-MDC

### SPECIAL MESSAGE

"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.

### METER READINGS

SERVICE DATES	05/16/2011 - 06/16/2011
METER NUMBER	66247806
CURRENT READ	264,090
PREVIOUS READ	267,340
GALLONS USED	(3,250)

Bill Date: June 22, 2011  
Past Due: July 07, 2011  
Disconnection Date: July 17, 2011

### ACCOUNT ACTIVITY

Previous Balance	66.34
Payment - Thank you!	-27.29
Payment - Thank you!	-225.10
Mesa del Cab. Reconnection Fee	200.00
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (-3250.00 @ 0.00193)	-6.27
Gila County & AZ state tax	0.74
Commodity Tax / Usage tax	-0.02
Total Amount Due	24.40

### IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

#### AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS

Please include your account number on your check  
Make check payable to: Brooke Utilities, Inc.

## Payment Coupon

DETACH AND RETURN THIS REMITTANCE PORTION OF THE BILL WITH YOUR PAYMENT

PAST DUE CHARGES	CURRENT CHARGES	TOTAL DUE	AMOUNT ENCLOSED
-186.05	210.45	24.40	
		Check Number	

Service Address: MESA L442

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541

Account Number: 61138-24899  
Statement #: 278331  
Bill Date: 06/22/2011  
Due Date: 07/07/2011

Please Remit To:

Brooke Utilities, Inc.  
PO Box 82218  
Bakersfield, CA 93380-2218

Bill is due and payable when rendered and delinquent after the due date.  
For any previous balance that is overdue a delinquent charge is assessed and this location is subject to disconnect.



EXHIBIT "J"

# TOWN OF PAYSON WATER DEPARTMENT

## Customer Maintenance - Master View

Date : 1/9/2012 10:09:52 AM

User Name : CGildroy

Account Number : 00009634

Home Phone : (928) 476-2500 x

Class : Bulk

Address : 1010 S STOVER ROAD

PAYSON, AZ 85541

Customer Name : PAYSON WATER COMPANY (BROOKE UTIL)

Work Phone : (928) 231-2035 x

Billing Status :

Status : Active  
Billing Type : Normal  
Billing Cycle : Normal

Service Location : <All>

Description	12/1/2011	11/1/2011	10/1/2011	9/1/2011	8/1/2011	7/1/2011	6/1/2011	5/1/2011	4/1/2011	3/1/2011	2/1/2011	1/1/2011	12/1/2010	11/1/2010
Charges	26.30	26.30	260.15	1,332.53	855.86	1,221.59	863.77	23.82	23.82	23.82	743.84	656.86	23.82	23.82
Payments	26.30	260.15	1,332.53	855.86	1,221.59	863.77	23.82	23.82	23.82	743.84	656.86	23.82	23.82	399.86
Service - Service Usage	0	0	42,100	206,500	134,200	189,700	135,400	0	0	0	117,200	104,000	0	0

Page 2

**TOTAL CONSUMPTION**

**1,234,320**

**Water Hauling Costs:**

Water Hauling Period	Vendor	Invoice	Date	Amount
05/23/2011 - 6/23/2011				
06/07/2011 - 6/08/2011				
06/07/2011 - 6/08/2011				
06/29/2011 - 6/30/2011				
07/03/2011 - 7/03/2011				
06/19/2011 - 6/20/2011				
06/24/2011 - 6/24/2011				

**TOTAL Water Hauling Costs:**

**\$16,763.77**

**Calculation:**

Total Costs

Dollars

\$16,764

=

**\$0.0136**

Consumption

Gallons

1,234,320

per gallon



READ00000331294	68706	7/16/2011	6,560	501000090
READ00000331363	68723	7/16/2011	910	42482304
READ00000331184	68740	7/16/2011	2,890	53382651
READ00000331331	68876	7/16/2011	1,160	33345831
READ00000331367	68976	7/16/2011	4,070	5010100063
READ00000331394	69059	7/16/2011	2,910	27786349
READ00000331348	69131	7/16/2011	2,150	53382562
READ00000331146	69158	7/16/2011	1,860	64764212
READ00000331066	69200	7/16/2011	6,340	28827318-5
READ00000331267	69240	7/16/2011	2,880	62070065-7
READ00000331341	69247	7/16/2011	1,110	U35513683
READ00000331081	69316	7/16/2011	2,940	65758919-2
READ00000331227	69447	7/16/2011	2,420	34095767
READ00000331250	69489	7/16/2011	2,310	55649559
READ00000331298	69507	7/16/2011	1,060	69564128
READ00000331118	69517	7/16/2011	2,250	87009747
READ00000331409	69656	7/16/2011	1,500	53382575
READ00000331194	69809	7/16/2011	3,320	27574970
READ00000331092	69830	7/16/2011	1,040	55649527
READ00000331237	69850	7/16/2011	3,370	32868524
READ00000331404	69873	7/16/2011	1,210	67491756
READ00000331259	69880	7/16/2011	200	87009726-3
READ00000331195	69881	7/16/2011	12,470	31122128
READ00000331262	69961	7/16/2011	10	35885168
READ00000331076	69963	7/16/2011	3,260	28702373
<b>TOTAL CONSUMPTION</b>			<b>1,234,320</b>	

#### Water Hauling Costs:

Water Hauling Period	Vendor	Invoice	Date	Amount
05/23/2011 - 06/23/2011	Payson Water D.	Acc# 9634	6/29/2011	\$863.77
06/07/2011 - 06/08/2011	Pearson Water	8803	6/13/2011	\$2,250.00
06/07/2011 - 06/08/2011	Pearson Water	8811	7/14/2011	\$1,050.00
06/29/2011 - 06/30/2011	Pearson Water	8812	7/14/2011	\$3,150.00
07/03/2011 - 07/03/2011	Pearson Water	8808	7/7/2011	\$3,000.00
06/19/2011 - 06/20/2011	Pearson Water	8804	6/21/2011	\$3,600.00
06/24/2011 - 06/24/2011	Pearson Water	8807	6/30/2011	\$2,850.00
<b>TOTAL Water Hauling Costs:</b>				<b>\$16,763.77</b>

#### Calculation:

Total Costs	Dollars	\$16,764	=	<b>\$0.0136</b>
Consumption	Gallons	1,234,320		


<b>TOTAL CONSUMPTION</b>	<b>1,284,670</b>
--------------------------	------------------

**Water Hauling Costs:**

Water Hauling Period	Vendor	Invoice	Date	Amount
06/23/2011 - 7/22/2011				
08/11/2011 - 8/12/2011				
08/04/2011 - 8/05/2011				

<b>TOTAL Water Hauling Costs:</b>	<b>\$7,650.00</b>
-----------------------------------	-------------------

**Calculation:**

<u>Total Costs</u>	Dollars	<u>\$7,650</u>	=		I gall
Consumption	Gallons	1,284,670			

# Appendix "A"

## APPENDIX A

The Letter from Brooke Utilities Dated November 3, 2010 specifically, the second to the last paragraph in part states, "This Tariff provides for Payson Water Co.'s recovery of its costs related to water hauling and allows the charging of water hauling costs to customers on a proportional basis." (i.e. RATIO) furthermore, Decision 71902 references Item 51 and 53 of that decision and strict compliance therewith. What is the ratio of hauled water to total consumption in any given period (month to month)? Simple math, divide the total water hauled by the total consumption for that month to get the ratio of hauled water to water consumed.

Also, please reference "Emergency Interim Water Augmentation Surcharge Tariff" (Decision NO. 71902 Exhibit B) the last paragraph which states: "**Calculation**—Each customer's monthly surcharge shall be calculated based on the company's prior month's water hauling costs and **COMPARED to the customer's water usage during that particular month.** The only costs recovered by the company through this interim surcharge will be the cost of the water supply and transportation costs; there will be no administrative costs or profit of this surcharge."

The calculations particularly used by Payson Water Co. Inc./Brooke Utilities Inc. (PWC/BU) to determine the amount to be charged to the customer for a Water Augmentation Surcharge, **are not "PROPORTIONAL,"** and **do not "COMPARE"** the prior month's water hauling costs to the Customer's water usage during that particular month.

For the alleged billing period June-July 2011, PWC/BU combined the total hauling costs for a **TWO MONTH PERIOD**, i.e. May-June 2011 & June-July 2011. These costs to haul do not correspond with the amount of water alleged purchased 135,400 gal. and the costs of hauling. The total amount purchased for the period May-July 2011 is in fact 325,100 gal. However, Customers were billed for larger amounts of water hauled that was not hauled to the System and that they did not use or consume (See: PWC Spreadsheets Exhibit J).

PWC/BU took the total cost of water purchased for one month and the total cost of hauling for two months and then divided that cost by the total consumption of 1,234,320 gal. from the June-July period to come up with its figure of \$.0136/gallon. (See: Exhibit J). That is incorrect. It is not the proper proportional figure. It is not a comparison of hauled water to consumed water for the entire period May-July 2011.

PWC/BU left out the cost (\$1,221.59) of the 189,700 gal. purchased from the TOP Water Dept. and hauled during the June-July 2011 period and further left out the total consumption for the period May-June 2011 for factoring the proper portion of hauled water to consumed water.

The Company COOKED ITS BOOKS to make up for the billings they messed up on for the May-June 2011 period and added in the hauling of water to locations other than Mesa del Caballo.

The Company knows the surcharge is not retroactive, that they screwed up and that in order to recover losses they had to cook the books and the math to get that money back and then some to make a profit and cover costs to haul water to other systems. Reference Exhibit J, PWC/BU Water Augmentation Charges Calculation TOP Records of billing and follow along with the following:

According to Martin of Martin's Trucking Service who Complainant J. Stephen Gehring, interviewed, and TOP Water Department (TOPWD) Records the following figures accurately apply:

**Potable Tanker Capacity:** 6,000 gal.  
**TOPWD Charges:** \$6.40/1,000 gal. or  
\$38.40 per 6,000 gallons.

**Rate:** \$125.00/hr. 1.5 hour. Per "Turn Around  
Time," 1 round trip cost to haul **\$187.50**.

#### **COST OF HAULING:**

##### **HAULING PERIOD MAY-JUNE 2011**

**Total Consumption:** *Refused to Disclose*  
**Water purchased:** TOPWD = 135,400 gal.  
**Billed:** June 1, 2011 for \$863.77  
**Hauling Period Invoices:**  
8803, 8804 and 8811, alleged cost **\$6,900.00**.  
**No. of Trips to haul 135,400 gal:** 22  
**Actual Cost to haul 135,400 gal. = \$4,125.00**  
**Difference/Profit = \$2,775.00.**

##### **HAULING PERIOD JULY - AUGUST 2011**

**Total Consumption:** 1,284,670 gallons  
**Water purchased:** TOPWD = 134,200 gal.  
**Billed:** August 1, 2011 for \$855.86  
**Hauling Period Invoices:** No Invoices were  
given, only the dates 8/11, 8/12, 8/4 & 8/5.  
The Dollar amount alleged is **\$7,650.00**.  
**No. of Trips to haul 134,200 gal:** 22  
**Alleged Hauling Cost: \$6,794.14**  
**Actual Cost to haul 134,200 gal. = \$4,125.00**  
**Difference/Profit:** \$2,669.14 or the  
Cost to haul 84,000 gallon of Water.

##### **AMOUNT REVISED FROM 134,200 to 144,200 gal.**

**Cost of 144,200 gal:** TOPWD = \$921.17  
**No. of Trips to haul 144,200 gal:** 24  
**Alleged Hauling Cost: \$6,728.83**  
**Actual Cost to haul 144,200 gal. = \$4,500.00**  
**Difference/Profit:** \$2,228.83 or the  
Cost to haul 72,000 gallons of Water.

##### **HAULING PERIOD JUNE-JULY 2011**

**Total Consumption:** 1,234,320 gal.  
**Water purchased, TOPWD = 189,700 gal.**  
**Billed:** July 1, 2011 for \$1,221.59  
**Hauling Period Invoices:**  
8807, 8808, 8812, alleged cost **\$9,000.00**  
**No. of Trips to haul 189,700 gal:** 32  
**Actual Cost to haul 189,700 gal. = \$6,000.00**  
**Difference/Profit = \$3,000.00**

##### **HAULING PERIOD AUGUST- SEPT. 2011**

**Water Purchased:** 206,500 gal.  
**Billed:** September 1, 2011 for \$1,332.53  
No other Information

##### **HAULING PERIOD SEPT. - OCTOBER 2011**

**Water Purchased:** 42,100 gal.  
**Billed:** September 1, 2011 for \$260.15  
No other Information

19) The Town of Payson (TOP) Water Department billed PWC/BU on the following dates for the following amounts of water purchased (See: Attached Exhibit J):

- a. June 1, 2011: \$863.77 for the purchase of 135,400 gallons of water;
- b. July 1, 2011: \$1,221.59 for the purchase of 189,700 gallons of water;
- c. August 1, 2011: \$855.86 for the purchase of 134,400 gallons of water;
- d. September 1, 2011: \$1,332.53 for the purchase 206,500 gallons of water;
- e. October 1, 2011: \$260.15 for the purchase of 42,100 gallons of water,

According to the PWC/BU spreadsheet (Exhibit J) the alleged cost of hauling (135,400 gal.) for June-July 2011 is \$15,900.00. If that is true, then  $\$15,900.00 \div 135,400 =$  a cost per gallon to haul of \$.117/gal. or \$117.00 per 1000 gal. or \$702.00 per 6,000 gal.

The cost of  $\$15,900.00 \div 187.50 = 85$  round trips with a 6,000 gallon tanker. Therefore, 85 round trips consisting of 6,000 gallons each, is equal to 510,000 gal.?

If, PWC/BU hauled only 135,400 gal. to Mesa del Caballo there is a huge difference of 374,600 gallons in hauling costs. So where did the other 374,600 gallons come from and where did it go?

If, PWC/BU hauled 325,100 gal. to Mesa del Caballo there a difference of 184,900 gal. So where did the other 184,900 gallons come from and where did it go?

Why did the Customers of the Mesa del Caballo System pay for water and hauling they did not receive? Why were the Customers of Mesa del Caballo charged for hauling 510,000 gal. when, in fact PWC/BU alleges to have hauled only 135,400 gal. in the June-July hauling period?

It is known that PWC/BU during that same time period was hauling water to E. Verde Park.

Why did the TOP Water Dept. bill PWC/BU for 325,100 gal., during the May-June and June-July period if in fact, PWC/BU hauled 510,000 gal?

Each and every Customer, including the Complainants were billed fraudulently for water, water hauling and commodity taxes.

#### **EXPLANATION OF CALCULATIONS FOR WATER AUGMENTATION SURCHARGE AND TAXE ERRORS**

**First:** The water purchased by PWC/BU to augment the system was taxed by the Town of Payson in their bill to PWC/BU. TOP did not wholesale the water to PWC. Yet, PWC has a retail sales tax license.

The Customer was taxed for the hauled water again in the regular monthly commodity charges and taxed again on the Water Augmentation Surcharge for a total of 3 taxations on the same product, water purchased and hauled. That is excessive taxation or at the very least TAX FRAUD.

**Second:** The Customer was taxed for his usage on the regular monthly commodity charges and taxed again by the Water Augmentation Surcharge for a total of 2 taxations on his usage. Double charged for the water (commodity) double taxed? You can't tax the Consumer two or three times for the same item received only once.

The Customer lawfully paid once for the total amount of water consumed and unlawfully again in a fraudulent billing practice as if he had purchased twice the amount of water stated in his monthly bill.

#### **Errors in PWC/Brooke Calculations:**

Since we do not have the total amount of water consumed/used by all Customers for the period May-June 2011, because PWC/BU refuses to disclose that figure it would be frivolous to use those

figures, invoices etc. to prove the point. Those figures are mute until PWC/BU will verify those figures that have been intentionally hidden for personal purposes.

All of PWC/BU figures for water and hauling costs for the period of May-June 2011 should not be used for the June-July 2011 billing cycle because they are incomplete, altered and cannot be verified or used to retroactively charge the customer.

However, if the ACC is allowing PWC/BU to go back to the May-June 2011 period then all of the figures should be disclosed and included and not just the ones selected by PWC/BU.

According to the PWC/Brooke Spreadsheet for the Billing Period June-July 2011, (Exhibit J) the following facts apply to the Water Augmentation Surcharge for that period PWC/BU claims:

- a. The total cost of water purchased from TOP is \$863.77 (i.e. 135,400 gal.);
- b. That it Cost \$15,900.00 to haul 135,400 gal;
- c. That the total cost to purchase and haul 135,400 gal. of water is \$16,763.77; and that,
- d. Customers consumed 1,234,320 gallons during this period;

PWC/BU determined that  $\$16,764.00 \div 1,234,320 \text{ gal.}$  equals a "proper proportional ratio" of \$.0136/gal. rated against the total water consumed.

According to PWC/BU it cost,  $\$15,900.00 \div 135,400 \text{ gal.} = \$ .1174/ \text{ gal.}$  to haul 135,400 gal. of water where in fact and in reality it cost \$.0304/gal. to haul 135,400 gal.

PWC/BU must provide the total consumption/usage for the May-June 2011 period. PWC/BU has the figures. Approximately 10% of his Customers including the Complainants persisted in obtaining there April-May and May-June bills.

Invoices: 8803, 8804 and 8811, allege hauling costs of **\$6,900.00** that may apply in some degree to the 135,400 gal. purchased and hauled during the May-June 2011 period. They are intentionally out of sequence to confuse and mislead.

The Number of round trips to haul the 135,400 gal. with a 6,000 gal. tanker is **22**. The Actual Cost to haul 135,400 gal. **is in fact \$4,125.00** not \$6,900.00

Invoices: 8807, 8808, 8812 allege hauling cost of **\$9,000.00** are the only invoices that may apply in some degree to the 189,700 gal. purchased and hauled.

The Number of round trips to haul 189,700 gal. with a 6,000 gal. tanker is **32**. The Actual Cost to haul 189,700 gal. **is in fact \$6,000.00** not \$9,000.00.

**Conclusion:** Either PWC/BU padded the hauling costs or hauled water from some undisclosed location to another undisclosed location and charged its Mesa del Caballo Customers and these Complainants for those extra hauling costs in a Consumer Fraud and Tax Fraud Scheme for Unjust Enrichment.

# APPENDIX "B"



**Gmail** Calendar Documents Photos Reader Sites Web more

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## Fwd: Mesa Del Caballo figures & calculations July - August Bills

Inbox X

**Kathryn Marquoit** [kmarquoit@azoca.gov](mailto:kmarquoit@azoca.gov) [show details](#) 1:52 PM (3 hours ago)

Please see attached.

Kathryn Marquoit  
Assistant Ombudsman for Public Access  
3737 North 7th Street Ste 209  
Phoenix, AZ 85014  
P: [602.285.9136](tel:602.285.9136)  
F: [602.277.7312](tel:602.277.7312)

----- Original Message -----

**Subject:** Mesa Del Caballo figures & calculations July - August Bills

**Date:** Fri, 2 Sep 2011 10:18:22 -0700

**From:** Connie Walczak <[CWalczak@azcc.gov](mailto:CWalczak@azcc.gov)>

**To:** <[kmarquoit@azoca.gov](mailto:kmarquoit@azoca.gov)>

Hi Katherine,

Attached are the calculations for the June and July bills that we discussed today calculation is: Total gallons consumed (1,234,320) divided by the total cost of h: billing period (\$16,763.77), which equals amount per gallon that is billed to each their gallons used during that billing period (July).

Our office is providing the hauling dates only when a customer requests them. reviewed the consumed and hauling calculations and find them to be correct for August Agumentation Surcharges.

If you have any additional questions, please give me a call or email me.

Thanks,

Connie

<<MdC calulation June - JULY BL.doc>> <<MdC - calculation for July-AUG BL.c



James Smith &lt;jsjsaz@gmail.com&gt;

---

**water hauling**

1 message

---

James Smith <jsjsaz@gmail.com>

Fri, Oct 7, 2011 at 1:50 PM

To: cwalczak@azcc.gov

I also have been doing some fact checks my self. Mr. Hardcastle at a water meeting said that the water truck holds 6,000 gallons. i have little knowledge of what the total amount hauled in each month is. So here is some math.  
The trucking company charges 187.00 an hour this is what the driver said. I know that it takes about an hour for the round trip i know this because I live about 50 yards from the delivery point and have timed the loads.

So lets say there are 24 loads@ 6,000 gallons that equals 144,000  
the cost per each load at 187.00 per hour plus the cost of the water. The water costs .06 x 6,000 is a total of 36.00  
So 187 plus 36 = 223.00 per load. 223.00 perload x 24 loads = 5,352.00 dollars.  
So you show the invoice for 16,723.77 @ this rate what is the cost per load to equal 16, 723.77.  
16,723.77 divided by 24 = 696.82. That means to haul 144,000 gallons at 24 loads would be 696.82.

So lets say there were 34 loads@ 6,000 gallons = 204,000 gallons using the same formula 223.00 perload. = 7,582.00  
So how much would it cost at 34 loads to total 16,723.77= 491.87.

No matter how you slice this, the math does not lie the cost to haul water per load for 144,000 gallons or 204,000 gallons is beyound reasonable. And no matter how you look at this the math does not lie. If there is a total consumption of 1,000,000 plus in order to haul that @ 6,000 gallons per load it does not match with the hauled gallons. 204,000 gallons or 144,000 gallons does not equal 1,000,000 plus gallons.

This is not rocket math equations. There is one total to haul each load. So when you get some time please send me the manifest or the hauling tickets that shows that the water company hauled 1,234,320 gallons which is 208 loads@ 6000 gallons = 1,248,000 and then the ACC can verify for me that the company hauled 1,234,320 otherwise there is no reason to use the total consumption. Math does not lie.

What should be charged is the hauled water 144,000 gallons or however many loads the truck hauled and this is what the payments should be charged for.

Thank You  
Alan Smith  
8166 barranca rd  
Mesa Del Caballo

**WELL PRODUCTION CAPACITY (GPM) FOR ALL WATER SOURCES WITHIN  
THE PWC, MDC SYSTEM GEOGRAPHICAL BOUNDARIES ACCORDING TO 2010  
COMPANY PROVIDED & ADWR WELL PRODUCTION REPORTS**

Well No.	Depth	Owner	Water Level	Pump Yield (gpm)	Yield Gal. per hr.	Yield Gal. per day	Yield Gal. per Month	
55-631112* WSA**	220	PWC/ Joseph Mayer & Kristy L. River 8175 W. Barranca RD.	134	2 gpm	120	2,880	86,400	1
55-556148*	400	PWC at end of Barranca Rd. easement	227	13 gpm	780	18,720	561,600	2
55-513409*	500	PWC	150	3.4 gpm	204	4,896	146,880	3
55-500270*	500	PWC	146	4 gpm	240	5,760	172,800	4
55-585747 WSA	400	Brooke Utilities/El Caballo Club 302-34-422F behind FD Tract A Plat 5	155	1 gpm	60	1,440	43,200	5
55-801698*	400	PWC Tract E Well Not in Service	120	0 gpm	Has 7 gpm	Capacity but not	In service WHY?	6
55-631113*	565	PWC Tract E	120	5 gpm	300	7,200	216,000	7
55-531101	400	United Utilities, MDC E. Barranca Rd.	177	5 gpm	300	7,200	216,000	8
55-560398 WSA	440	Patti Caldwell/Brooke Utilities (Assr. #302-34-313)	198	1 gpm	60	1,440	43,200	9
55-553798 WSA	360	Lisa Harmon (Assr. #302-34-185)		10 gpm	600	14,400	432,000	10
55-558590 WSA	300	R. Norman (Assr. #302-34-50)		1 gpm	60	1,440	43,200	11
Total	Well	Production 2010 per	Minute	45.4				
Total	Well	Production 2010 per	Hour		2,724			
Total	Well	Production 2010 per	Day			65,376		
Total	Well	Production 2010 per	Month				1,961,280	

(\*) Indicates Six (6) of the Seven (7) Wells Inspected by ADEQ according to the 2010 Report and does not include wells (55-801699, 55-631111 and 55-588967) located outside the geographical boundaries of the Mesa del Caballo system.

(\*\*) WSA = Water Sharing Agreement with PWC/BU.

(NOTE: ADEQ Report incorrectly listed well No. 55-513409 as 55-523409 a well registered to James Warmer in Yavapi County)

If 345 Customers used an average of 4,000 gallons each per month that would equal 1,380,000 gallons in production.

Sheet1

Month	Customers	Gallons sold	Monthly Avg	Daily Use	Mesa Del Caballo/PWC
January	371	1489	4031.47	134.37	
February	369	901	2441.73	81.39	
March	367	954	2599.45	86.65	
April	364	1325	3640.11	121.33	
May	363	1301	3584.02	118.26	
June	365	1164	3189.04	106.3	
July	365	1401	3838.36	127.95	
August	369	1391	3769.65	125.63	
September	371	1381	3722.37	124.08	
October	370	1185	3194.07	106.47	
November	369	1124	3046.07	101.54	
December	367	1179	3180.02	106.25	

In Thousands

Termination with Notice R 14-2-410.C

Mesa Del Caballo/PWC

January	1	\$200.00
February	1	\$200.00
March	3	\$600.00
April	4	\$800.00
May	7	\$1,400.00
June	4	\$800.00
July	4	\$800.00
August	2	\$400.00
September	4	\$800.00
October	4	\$800.00
November	2	\$400.00
December	1	\$200.00

Total	37	Total	\$7,400.00
-------	----	-------	------------

PWC 9 water systems

% of Disconnections

Geronimo Estate's	8	10.00%
East Verde Estate's	11	13.27%
Star Valley	20	33.00%
Deer Creek	11	11.50%
Mead's Ranch	10	6.90%
Mesa Del Caballo	37	9.80%
Whispering Pine's	15	10.13%
Flowing Spring's	8	3.50%
Gisela	19	8.80%

Total	139 Disconnection's
Total	\$27,800.00

Sheet2

Well Production Calculations

per minute	per day	Total Monthly @ 30 days
59 gallons	84,960 daily	2,548,000 @
29.5 gallons	42,480 daily	1,274,000@
19 gallons	27,360 daily	820,000 @

PWC/Mesa Del Caballo

Storage Tank Capacity 106,000 gallons

17.75 loads @ 6,000 gallons = 106,500 thousand gallons

17.75 loads @ 1.5 hours = 1 day 3 hours to deliver

PWC/Mesa Del Caballo

Based on 2010 Annual Report

Well Production vs Augmented (In Thousands)

Gallons:	Sold	Pumped	Purchased	Augmented	Total	Missing
January	1489	820	543 Add	277,000	1363 @	126,000
February	901	633	459 Add	84,000	1092 O/	191,000
March	954	425	458 Over	33,000	883 @	71,000
April	1325	765	554 Add	211,000	1319 @	6,000
May	1301	695	731 Over	36,000	1426 O/	125,000
June	1164	609	630 Over	21,000	1239 O/	75,000
July	1401	761	678 Add	83,000	1439 O/	38,000
August	1391	698	644 Add	50,000	1342 @	49,000
September	1381	699	781 Over	82,000	1480 O/	99,000
October	1185	598	584 Add	14,000	1182 @	3,000
November	1124	599	613 Add	14,000	1212 @	12,000
December	1170	578	587 Over	9,000	1165 @	5,000

Gallons unaccounted for  
@44,000

Total Aug. Over Add 0/ Missing  
@ 844,000 @ 528,000 @ 272,000  
Total of mis/add 800,000

Sheet3

Projected Hauling Costs @ \$ 187.50 per 1.5 hours for round trip

Loads	total gallons	Costs	Hours	PWC/MESA DEL CABALLO
20 loads	@ 120,000	\$3,750.00	1 day 6 hrs	
24 loads	@ 144,000	\$4,500.00	1 day 12 hrs	
28 loads	@ 168,000	\$5,250.00	1day 18 hrs	
34 loads	@ 204,000	\$6,375.00	2 days 3 hrs	
40 loads	@ 240,000	\$7,500.00	2 days 12 hrs	
44 loads	@ 264,000	\$8,250.00	2 days 18 hrs	
50 loads	@ 300,000	\$9,375.00	3 days 3 hrs	

Projected costs Per 1,000 gallons @ \$ 6.04

Town of Payson

Gallons	Purchase	Loads
@ 6,000	\$36.24	1
@ 120,000	\$724.80	20
@ 144,000	\$869.76	24
@ 168,000	\$1,014.72	28
@ 204,000	\$1,232.16	34
@ 240,000	\$1,449.60	40
@ 264,000	\$1,594.56	44
@ 300,000	\$1,812.00	50

PWC/MESA DEL CABALLO

Projected total Cost to Purchase and Haul Water

Trucking per Load	Gallons	Purchase	TOTAL/ W PURCHASE AND HAUL
\$3,750 @ 20 loads	@ 120,000	\$724.80	\$4,474.80
\$4,500 @ 24 loads	@ 144,000	\$869.76	\$5,369.76
\$5,250 @ 28 loads	@ 168,000	\$1,014.72	\$6,264.72
\$6,375 @ 34 loads	@ 204,000	\$1,232.16	\$7,607.16
\$7,500 @ 40 loads	@ 240,000	\$1,449.60	\$8,949.60
\$8,250 @ 44 loads	@ 264,000	\$1,594.56	\$9,844.56
\$9,375 @ 50 loads	@ 300,000	\$1,812.00	\$11,187.00



**BROOKE  
UTILITIES, INC.**

PO BOX 82218 BAKERSFIELD, CA 93380  
CUSTOMER SERVICE CENTER 800-270-6084  
FAX 800-748-6981

BROOKE WATER, LLC CIRCLE CITY WATER, LLC NAVAJO WATER CO. INC. PAYSON WATER CO. INC.  
PINE WATER CO. INC. STRAWBERRY WATER CO. INC. TONTO BASIN WATER CO.

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541



# Statement

## ACCOUNT INFORMATION

<b>Account Number:</b>	61138-24899
<b>Statement #:</b>	283575
<b>Bill Date:</b>	07/22/2011
<b>Due Date:</b>	08/06/2011

**Service Address:** MESA L442

**Zone:** 13-MDC

## SPECIAL MESSAGE

"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.

## METER READINGS

<b>SERVICE DATES</b>	06/16/2011 - 07/16/2011
<b>METER NUMBER</b>	66247806
<b>CURRENT READ</b>	269,060
<b>PREVIOUS READ</b>	264,090
<b>GALLONS USED</b>	4,970

**Bill Date:** July 22, 2011  
**Past Due:** August 06, 2011  
**Disconnection Date:** August 16, 2011

## ACCOUNT ACTIVITY

Previous Balance	24.40
Late Fee	0.37
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (4000.00 @ 0.00193)	7.72
Commodity Charge (970.00 @ 0.00299)	2.90
Water Augmentation (4970.00 @ 0.01360)	67.59
Gila County & AZ state tax	7.16
Commodity Tax / Usage tax	0.03

Total Amount Due

PAID

JUL 29 2011

126.17

BROOKE UTILITIES

## IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

### AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS



# BROOKE UTILITIES, INC.

PO BOX 82218 BAKERSFIELD, CA 93380  
CUSTOMER SERVICE CENTER 800-270-6084  
FAX 800-748-6981

BROOKE WATER, LLC CIRCLE CITY WATER, LLC NAVAJO WATER CO, INC. PAYSON WATER CO, INC.  
PINE WATER CO, INC. STRAWBERRY WATER CO, INC. TONTO BASIN WATER CO

JOANNA HUTCHISON  
c/o ALAN SMITH  
8166 BARRANCA  
PAYSON, AZ 85541



## Statement

### ACCOUNT INFORMATION

Account Number:	61138-24899
Statement #:	293532
Bill Date:	09/22/2011
Due Date:	10/07/2011

Service Address: MESA L442

Zone: 13-MDC

### SPECIAL MESSAGE

"When we receive your check you authorize us to withdraw funds on the same day we receive payment". Unresolved billing disputes ACC-800-222-7000.

### METER READINGS

SERVICE DATES	08/17/2011 - 09/16/2011
METER NUMBER	66247806
CURRENT READ	280,280
PREVIOUS READ	273,900
GALLONS USED	6,380

Bill Date: September 22, 2011  
Past Due: October 07, 2011  
Disconnection Date: October 17, 2011

### ACCOUNT ACTIVITY

Previous Balance	58.98
Payment - Thank you!	-58.98
Service Charge 5/8 x 3/4" Meter	16.00
Commodity Charge (4000.00 @ 0.00193)	7.72
Commodity Charge (2380.00 @ 0.00299)	7.12
Water Augmentation (6380.00 @ 0.00820)	52.32
Gila County & AZ state tax	6.32
Commodity Tax / Usage tax	0.04
Total Amount Due	89.52

PAID

09/22/2011

BROOKE UTILITIES

### IMPORTANT NEW PROCESS NOTICE REGARDING NOTICE OF DISCONNECTION

#### AVOID DISCONNECTION FOR NON-PAYMENT

Your water bill has been rendered in accordance with A.A.C. R14-2-409. Accordingly, your bill is DUE AND PAYABLE UPON RECEIPT and is considered PAST DUE (see date above) if not paid within 15 days of the BILL DATE shown above. Pursuant to A.A.C. R14-2-410(E), if this water bill remains unpaid 25 days following the BILL DATE, this water bill will serve as written notice that your service will be disconnected on or after the DISCONNECTION DATE shown above. No further disconnection notice will be sent to you. Reconnection of your water service may be subject to additional fees and penalties as provided by the Company's tariffs and as approved by the Arizona Corporation Commission. Please avoid disconnection and additional fees by timely paying your water bill. If you have further questions please contact our Customer Service Center at (800) 270-6084.

KEEP THIS PORTION FOR YOUR RECORDS



## DOCKET NO. W-03514A-10-0116 ET AL.

1 sufficient to serve only 305 connections, and this factor, coupled with the poor water production of  
2 the nine wells on the system, create the Company's water shortages on the MDC System.

3 44. The primary problem which the Company's MDC System faces is its well capacities  
4 since the water production of the Company's nine wells total 59 gallons a minute at peak capacity  
5 and fluctuate down to 19 gallons a minute when production slows. However, even when the wells  
6 are producing at maximum capacity, there is insufficient water available for the customers during the  
7 peak summer months and that is what causes the Company to have to haul water, as was the case last  
8 year.

9 45. Mr. Darak Baddy, Staff's accounting witness, believes that the Company's proposal to  
10 make the water augmentation surcharge effective retroactively to May 1, 2010, would constitute  
11 retroactive rate making in violation of Arizona law.

12 46. According to Mr. Baddy, if the Company is required to haul all of its water for  
13 customer usage, a median user who used 3,621 gallons of water would see a 501.2 percent increase in  
14 his bill from \$22.95 to \$137.97. However, Mr. Baddy pointed out that this is a worst case scenario  
15 and the amount of the proposed surcharge would depend on the availability of the Company's own  
16 water pumped from its wells.

17 47. As described in the Staff Report, if the proposed water augmentation surcharge had  
18 been in effect during the peak months of 2009, a typical customer would have experienced an  
19 increase of \$16.50 for hauled water on their monthly bill.

20 48. It is not possible for Staff to determine the financial impact of the proposed water  
21 augmentation surcharge on the Company's customers because it will be based on a customer's actual  
22 water usage and the amount of water which the Company is required to haul in any given month.

23 49. The Company's present rates for its MDC System were approved by the Commission  
24 in Decision No. 62401 (March 28, 2000), which established a base rate of \$16 a month for 5/8-inch x  
25 3/4-inch meter customers and an excess gallonage charge of \$1.93 per 1,000 gallons for up to the first  
26 4,000 gallons of water usage, and \$2.09 per 1,000 gallons in excess of 4,000 gallons.

27 50. The Company is in compliance with prior Commission orders and has no outstanding  
28 compliance issues with the Commission's Corporations Division.

*Cost Per Month /*

**WATER AUGMENTATION SURCHARGE**  
**EFFECTIVE MAY 1, 2011 THROUGH SEPTEMBER 30, 2011**  
**PAYSON WATER COMPANY MESA DEL CABALLO SYSTEM**

**Summary**

On March 31, 2010, Payson Water Company ("PWC" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for the emergency implementation of a water augmentation surcharge for customers served by its Mesa del Caballo ("MDC") water system due to potential water shortages during the summer season. Concurrently, the Company also filed an application for proposed changes to its Curtailment Tariff for the MDC System, which contained specific requirements as to when water augmentation will be necessary. An evidentiary hearing was held on May 18, 2010. The Commission issued Decision No. 71902 (the "Decision") on September 28, 2010, which authorized PWC to implement a water augmentation surcharge.

**Water Augmentation Surcharge**

**This interim surcharge shall be in effect between May 1 and September 30 of each year, beginning in 2011, until the conclusion of PWC's next rate proceeding. It shall apply only to customers served by the MDC water system.**

The water augmentation surcharge is intended to collect costs for water augmentations made during the previous month – all pass-through costs. Each charge will be determined by taking the total monthly cost and pro-rating the surcharge to each specific customer based on that customer's total consumption for the month in which water augmentation is necessary. Those customers who use more water will pay a larger proportionate share of water augmentation costs than those customers who used less water.

It is difficult to identify how a water augmentation surcharge will affect you, the individual customer, because it will be tied specifically to the amount of water used. However, the following table provides a range of the estimated surcharge costs, based on water usage and the amount of water augmentation necessary, each month.

**The last column (100% hauled water) represents a worst-case scenario in the event the Company is required to haul every drop of water to its MDC system from somewhere other than Company wells or water obtained through well sharing agreements. PWC does not anticipate that it will ever be required to haul 100% of water being served to customers in the MDC system.**

**Surcharge Cost Estimates**

Water Use (gallons per month)	<u>25% hauled water</u>	<u>50% hauled water</u>	<u>100% hauled water</u>
2,000 gallons	\$ 35.72	\$ 51.60	\$ 83.36
3,621 gallons	51.70	80.47	137.97
5,000 gallons	65.30	105.01	184.41
10,000 gallons	118.36	195.08	521.24

If the surcharge had been in effect from between May and September of 2009, when water hauling was necessary to augment the water supply, **a typical customer with a median usage of 3,621 gallons per month would have seen an increase of approximately \$16.50 on each monthly bill.** Please note that the Company did NOT seek recovery of 2009 water hauling expenses.

For more information, please contact:  
Payson Water Company c/o Brooke Utilities  
P.O. Box 82218, Bakersfield, California 93380 or (800) 270-6084